Daily Report

Latin America

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FBIS-LAT-94-194 *6 October 1994*

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An Ω indicates a Foreign Media Note.

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EU, Mercosur Foreign Ministers Discuss Free Trade

PY0510212494 Montevideo EL PAIS in Spanish 29 Sep 94 p 1

[Article by Carlos Pauletti in New York]

[FBIS Translated Text] Mercosur [Common Market of the South] and the European Union (Economic Community) yesterday decided that, before the end of the year, they will establish guidelines for creating a free trade zone between the two commercial blocs. This decision was made at a special meeting of foreign ministers. The meeting was one of the activities carried out in connection with the UN General Assembly.

According to the information gathered by EL PAIS, the European foreign ministers, headed by German Foreign Minister Klaus Kinkel, confirmed a proposal that they raised a few days ago and that received a favorable response from their Argentine, Brazilian, Paraguayan, and Uruguayan counterparts.

During the meeting, held in the UN Plaza Hotel's Dag Hammarskjold suite, the foreign ministers discussed various ideas concerning the handling of formal negotiations to establish a free trade zone.

According to the information, an agreement was reached after a one-hour discussion. It was agreed that the guidelines on a future treaty would be established before the end of the year, specifically, not later than mid-December.

It was also reported that technical-level meetings would be held and that another foreign ministerial meeting—to close an agreement following the aforementioned guidelines—is being scheduled. It is appropriate to mention that the EU proposed to Mercosur initiating negotiations to establish a free trade zone within a 10-year period. This proposal received a favorable response and these talks will be aimed at implementing it.

Since its establishment, the European nations have strongly supported Mercosur because their policy regarding trade relationships is based on the globalization concept. Therefore, the European nations assign priority to establishing ties with other commercial blocs.

During the past few days, this support was enhanced and implemented when Chile proposed an economic complementation agreement and the EU foreign ministers responded that the EU had made a decision to negotiate "through the Mercosur window" alone. In a nutshell, the EU would only consider a possible association with Chile as a Mercosur member, and not associations with individual countries.

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Cuba

Raul Castro: Farmers Markets Not 'Magic Solution'

PA0510162494 Havana PRENSA LATINA in Spanish 1108 GMT 2 Oct 94

[Report by Elsy Fors]

[FBIS Translated Text] Havana, 2 Oct (PL)—The farmers markets continue to attract thousands of buyers anxious to add variety to their daily diet and to purchase at a much lower cost goods which until now most of the population could not even obtain on the black market.

With the disappearance in 1990 of the so-called parallel market, the state market that sold food and other household consumer goods at prices much lower than the rationed distribution network, the population was left drastically limited, most of all the lower income groups.

Despite growing demand, there were still goods for sale at the oldest and largest market in Havana, known as Plaza de Cuatro Caminos, at the close of operations this past Saturday. During the first six hours of operation, the market attracted more than 10,000 shoppers.

Adan Enriquez Fernandez, manager of a section in the central Havana municipal market, told PRENSA LATINA that goods had begun arriving on Friday, and the flow was sufficient to guarantee supply during the 13 hours the market would be open to the public.

The market manager added that they had received 22 or 23 different products, including tubers, spices, garlic, onions, oranges, lemons, avocados, and pastries prepared by the market. A company called Frutas Selectas sold fruits drinks, meat and vegetable broth, fruit cocktail, and pork.

Suppliers included the state and cooperatives, although there were also some private suppliers, mostly selling flowers. According to some specialists, the small farmers and plot owners decided not to participate but to observe how the new system is developing.

According to official figures, 1993 saw the highest tuber and vegetable production in Cuba with 33 million quintals harvested (one quintal equals 46.5 kg). The worst crop was in 1978, when barely 8 million quintals were harvested.

Agriculture Minister Alfredo Jordan explained that in 1993, plots used specifically for supplying state enterprises, cooperatives, and individual farmers yielded 26 million quintals, as opposed to the state inventory, which totaled only 25 million quintals.

Nevertheless, the amounts distributed by the state were minimal, given the lack of containers, transportation, and fuel, among other factors. Jordan said: No one knows the volume of underground production not controlled by the state.

Upon announcing the creation of a new market system, Raul Castro, first vice president and minister of the Revolutionary Armed Forces, warned authorities not to be overly idealistic by believing the farmers markets will be a magic solution to all problems.

He warned: There will be misunderstandings and violations of the new guidelines. That is why I appeal to you to join forces and support the new measures in an overall, flexible way.

Money will soon become scarce among consumers, who will feel the need to work more, he said, while predicting the new measures will be successful "if we are creative, flexible, and keep in mind the characteristics of each place."

Pinar del Rio Sugar Harvest Inspection Exposes Problems

FL0610001594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Sep 94

[FBIS Translated Text] The sugar harvest inspection in Pinar del Rio demonstrated that in that province and in other parts of the country there are difficulties with the planting of the sugarcane and the repair of sugar mills for the next harvest.

Most of the problems sugarcane production faces in Pinar del Rio and other parts of the country are mainly the result of the attitudes of the administrative cadres who do not know how to confront each adversity intelligently and with the alacrity demanded in each case. This was the first conclusion drawn during the recent inspection carried out in San Cristobal Municipality, Pinar del Rio, in the presence of Politburo member and Sugar Industry Minister Nelson Torres and Maria del Carmen Concepcion Gonzalez, first secretary of the party in Pinar del Rio.

The inspection verified that the most important thing now is to fulfill the plans developed by each complex to reverse the worrisome situation with the sugarcane crops. Some of these problems are caused by shortages in the work force, and a high level of weeds—to mention just two of the problems. The inspection also determined that efforts must be made to eliminate delays in the repair of machinery for the upcoming harvest.

The inspection further demonstrated that the planting of the sugarcane in the first six months of the year was done hastily in many places, with inadequate administrative control over seed quality and soil preparation.

During July and August crop weeding, there was a shortage in the work force. Additionally, many Basic Cooperative Production Units [UBPC's] prioritized food production over weeding of the cane fields. On this issue, Minaz insists that the autonomy of the UBPC's cannot be confused with anarchy and disorder. In the sugarcane sector, there are laws that are state policies,

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which are included in the contracts signed with cooperativists. It is the responsibility of the complexes, as state representatives of the new structure that currently governs sugarcane production, to ensure that this policy is maintained.

Torres Berates 'Lackadaisical Attitude'

FL0510232694 Havana Radio Progreso Network in Spanish 1000 GMT 24 Sep 94

[From the "First Thing" program]

[FBIS Translated Text] Sugar Industry Minister Nelson Torres has stressed the need for every effort to be put into the task of solving the current problems in sugarcane agriculture—immediately.

During a meeting with the leaders of the 128 Basic Cooperative Production Units [UBPC's] in Granma Province, Torres stated that the insufficiencies suffered by many of these UBPC's are a result of a lackadaisical attitude among some cadres during these crucial times. Torres stated that generalized noncompliance with work schedules is due to a lack of control. Nelson also pointed out that those who do not comply with the eight-hour work schedule should be excluded, even if this means a loss in the work force.

Lage, Jordan, FAR Officers Tour Sancti Spiritus Province

FL0610010694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Sep 94

[FBIS Translated Text] Politburo member Carlos Lage Davila toured areas of interest in Sancti Spiritus Province. Lage was accompanied by Agriculture Minister Alfredo Jordan and high ranking officers of the Revolutionary Armed Forces [FAR].

In Sancti Spiritus, statements made by the second secretary of the Central Committee of the Communist Party of Cuba [PCC] were not the stuff of everyday speeches: Results can already be seen in medical services and the population's nutrition, two important problems of these times. Lage and his delegation confirmed that modest advances can be observed in these basic problems, as a result of the party's and the government's new work method of direct contact with the population.

The Camilo Cienfuegos Provincial Hospital was harshly criticized by Army General Raul Castro because of serious operational difficulties that caused annoyance among the population in this province. According to information from the new director of this institution, Dr. Orlando Rodriguez, in just one month, five tons of garbage was extracted; absenteeism was reduced from 32 percent to 12 percent; there is strict compliance with the hospital's internal policies; there have been changes in personnel working conditions; an urgent maintenance program was put into effect; and outstanding workers are being recognized.

Lage and his delegation were interested in knowing how the patients and relatives of workers of this hospital now feel.

[Begin recording] [first unidentified speaker] At least I can see that beds now have sheets, which is much better. There is still much more to be done. I hope its service will continue to improve, but everyone must participate.

[Second unidentified speaker] The comrades are working very hard. They are doing many things that were not being done before. They are doing great. I hope they continue to work that way. [end recording]

Despite the small advances, there is much more to be done. For example, there is a waiting list of more than 3,000 names for major surgery. Absenteeism is still high among non-medical personnel, and some areas need to be reorganized.

Another important objective was the experimental agricultural-livestock fair, the second conducted in Sancti Spiritus.

[Begin recording] [Lage] The experience is very good. This fair has already been held twice. Right? [unidentified speaker answers: Yes, twice.] And the price of the plantains have come down already. The agricultural sector now needs to establish good control so that state commitments are met, so that food supplies are guaranteed for hospitals, day care centers, et cetera; so that their quotas are guaranteed.

[Jordan] Yes, you are right. Lage, I believe this is an important step. You can see that the population is motivated, that everyone is happy, and that it is solving a problem.

[Third unidentified speaker] This is marvelous. It is something that is here to stay. I believe this is the solution we have been seeking for a long time, and the solution to the problem of the people's nutrition. We must find that work force and strive to be able to offer these products.

[Fourth unidentified speaker] We brought 12 products to be sold at the fair. They are all from the self-sufficiency farms.

[Correspondent] Then it does not affect the workers' cafeterias?

[Fourth unidentified speaker] It does not affect the workers' cafeterias. Our cafeteria has all the supplies it needs for the entire year.

[Fifth unidentified speaker] I believe that with these measures, we have now won the Revolution.

[Sixth unidentified speaker] I believe this is the best thing they could have done because of the need the people had. The people are pleased with the possibility of buying these products.

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[Lage] We have seen a positive attitude. We have spoken with the people and we have seen a good revolutionary spirit here. We have seen satisfaction with the effort that is being made. I believe that if this is done in an orderly way, we can stimulate production so that more products become available. [end recording]

Officials Visit Matanzas Social, Economic Sites

FL0510111594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 94

[FBIS Translated Text] A delegation consisting of several members of the Politburo and the Central Committee, as well as department heads, Central Committee officials, and high-ranking officers of the Revolutionary Armed Forces [FAR], visited important economic and social objectives in Matanzas Province.

The delegation's priority was to learn of the progress made in food and sugarcane production. For that reason, the commission visited 36 sugarcane and mixed-crop Basic Cooperative Production Units; three livestock farms; 16 state and Youth Labor Army farms; 16 agricultural-livestock cooperatives, as well as pork, poultry and fish-fry units; sugar mills; food-industry facilities; units of commerce and restaurant services; and the (Rayo-Nitro) fertilizer plant.

The tour through six municipalities, where 75 percent of the province's population is concentrated, allowed the commission to evaluate the work of several industries, projects under construction, health care centers, and tourism centers, among others, which totaled 240 collectives.

The commission held meetings with people's councils and 230 grassroots organizations of the party. The delegation also held direct talks with more than 5,000 workers of the countryside and the city. In these contacts, they recognized the achievements, but the attention was concentrated on pointing out insufficiencies and in finding solutions. In the same manner, the commission evaluated the efforts and workers of all sectors who confront the challenges of the special period with dedication. In each case, the commissions determined the results obtained to date and the prospects for improving, with the goal of satisfying or alleviating the needs of the population and the national economy.

This same focus characterized Yadira Garcia's speech, first secretary of the party in Matanzas Province, who described as very positive this contact with leaders of the Central Committee and the FAR, who visited the province for four days.

At the conclusion of their visit, the heads of the commissions, who toured the municipalities of Jaguey, Cardenas, Varadero, Colon, Matanzas, and Jovellanos, explained the objectives visited. For example, Lazaro Vaquez, head of the Central Committee's Department of Agriculture and Food Production, made an extensive analysis of the situation with the agriculture and food production observed in Colon Municipality and the measures that are being taken to solve the problems in this area.

Likewise, Abelardo Alvarez, head of the department of organization, who also headed one of the commissions, reported on the progress of tourism and the constructions in Varadero Municipality and on the food plan and the services offered to the population in Cardenas Municipality.

In general, the work in commission resulted to be an useful experience in the detection and search for solutions to problems that exist in each province.

The closing session was chaired by Politburo members Jose Ramon Machado Ventura, Carlos Lage, secretary of the Council of Ministers, Division General Ulises Rosales del Toro, first vice minister of the FAR, Sugar Industry Minister Nelson Torres, and Maria de los Angeles Garcia, all of whom made important comments during the debate.

The closing session was free of apologies and self-complacency, which is a notable change from the old style that was criticized and done away with during the provincial party meetings of August, and in recent statements by Fidel and Raul.

Article Discusses Economic Transformation

PA0610002894 Havana PRENSA LATINA in Spanish 0950 GMT 3 Oct 94

["Exclusive" article by PRENSA LATINA contributor Vivian del Rosario Hernandez, "expert" with the World Economy Research Center: "Transformation of the Cuban Economy"]

[FBIS Translated Text] The economic debate in Cuba during 1994 has centered on the possibility of reactivating the island's economy and the time that such a reactivation might take. It is now common to hear academicians and government officials say the crisis bottomed out last year, particularly because traditional economic activities—specifically sugar and nickel, which used to yield approximately 50 percent and 15 percent, respectively, of the country's export income—have not recovered but remain at levels similar to those of 1993, approximately 38 percent and 10 percent, respectively. It is well-known that the economy is vulnerable and considerably dependent on the foreign sector.

One of the principles normally highlighted when this subject is discussed is a subtle but no less important modification of Cuba's foreign trade policy within the past few years, when new sectors emerged. Examples of this are tourism, which yielded close to 41 percent of 1993's export income, as well as medicines and biotechnology products, which accounted for 5 percent. Exports

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of cement and steel to Central America and the Caribbean might begin to become meaningful when their production is resumed.

Closely related to these changes is the treatment of the emerging economy, which includes the subsector comprising mixed enterprises, commercial enterprises based on Cuban capital, foreign exchange financing enterprises, partnerships of foreign firms, and other organizations and associations that handle accounts in foreign exchange under the principle of covering their expenses with their own income more or less independently and organized on their own institutional and legal bases.

Finally, the sectors presented as examples of the modifications taking place in the country's economic structure are included in this emerging economy. By the way, 1993 might not be the best year to study the structure of exports because of the decline in the traditional sectors.

Nevertheless, the writer of this article estimates that nontraditional exports will continue to increase steadily even in ways that, although they do not result in exports, will affect the recovery by substituting imports or eliminating the need to require subsidies.

In this group are included prospecting for and extracting crude oil and the changeover to self-financing schemes—again, with the corresponding elimination of subsidies—in activities such as aviation and maritime and port activities, just to give two examples.

Are these the first signs of Cuba's adopting a new overall model? On studying the rectification process that began in 1985, researchers James F. Petras and Morris H. Morley pointed out: "Cuba's economic policy has moved from an internal market strategy of import substitutions to an export strategy combined with an intensive effort to create domestic structural conditions to compete successfully in the world market."

The New Model: Controversial Aspects

According to many analysts, this process has not been exempt from a mixture of contraction, growth, and recession. The problems that prevent a clear evaluation of the economic reconversion in Cuba include the status of activities that have been left out of the emerging economy. As expected, foreign investment is aimed at sectors where capital recovery is safer and quicker and is associated with the economy's foreign sector—in other words, with tourism, nickel, oil, tobacco, citrus fruits, etc.

It so happens that, in order to break the impasse in the island's economy, it is not enough for these industries to start operating on more efficient bases. The 1993 GNP dropped by 54 percent from 1989 levels. Drawing from international experience, we can observe that, even in industrialized and those Third World countries with easy access to international capital, direct foreign investment represents approximately 10 percent of domestic savings.

In reality, economic growth depends not only on foreign investment, but also on domestically generated resources and on these resources being transformed into capital investments.

There are plenty of activities that, for one reason or another, have been excluded from the investment process or from changes in the operational system. These activities are facing problems that stem from the virtual and sudden interruption in the supply of their raw materials and spare parts, most of which had come from Eastern Europe or the former Soviet Union. This situation places a sense of urgency and drama on the transformation of the Cuban economy, so much so that it has tested the working ability of the revolutionary process. This is a transformation that cannot be based solely on foreign events, and this fact is rooted in the suspicion of the previous economic model.

In addition, these activities have been unable to forsake the highly centralized, bureaucratic, and sometimes paralyzing guiding mechanisms—mechanisms implemented in the emerging economy mainly because of the strategic nature of these activities.

Therefore, it is feasible to infer that the granting of autonomy and the shift to self-financing and financial discipline systems, which focus on costs and profitability in those national enterprises and entities that up until now had been on the sidelines of the transformation process, could become measures that enable us to jump start the creativity and opportunities we believed had been exhausted.

Motivating labor is another key problem. The agreement reached in May to reduce excess circulating cash is trying to "valuate" the national currency from a different angle, thereby valuating salaries as well. Nevertheless, this is but one of the ways in which the problem could be tackled.

Even the lack of incentives to work, which translates into low productivity rates, is the reason why certain activities stopped attracting investments. As one Spanish economic adviser said: "...90 percent of Spanish investments on the island are concentrated in the field of tourism, forgoing the industrial sector because it is more sensitive to changes in other economic sectors, such as energy, raw materials shipping, and personnel. To this you can add the system of incentives for workers, which is more defined in the tourism sector than in the industrial sector." Meanwhile, Finance and Prices Minister Jose Luis Rodriguez had this to say to the National Assembly of the People's Government:

"...the financial cleansing must be linked to reforms in the wage and labor policies, and "these two types of policies, in my opinion, could eventually upset more than just the levying of taxes or other measures aimed at healing monetary blisters and budgetary tumors." [quotation marks as received] This would be a "supply-side" treatment.

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The situation of the basic cooperative production units (UBPC), which at the time implied the transfer of a significant amount of state-owned land (30 percent of arable land) to small-and mid-sized cooperative associations, deserves its own explanation. For many experts, this reform is the foremost Cuban agricultural change, akin to the late 1970's reform of the Chinese commune system.

The agricultural transformation process will begin yielding results within the next few years, and its potential will depend on the adjustments that seem to be unavoidable, judging from the most recent analyses on its functions.

State-fixed sales prices and collection systems are being studied, because the costs of certain products can make some production processes unprofitable. Moreover, the UBPC's are enduring harvesting losses because some state enterprises are not complying with collection commitments.

In the end, it could be said that the gradual system [gradualismo]—in fact, everything seems to indicate that this is the means of choice when transforming the Cuban economy—is advantageous because it prevents institutional vacuums—something we cannot ignore, especially in light of the events that took place in Eastern Europe and the former Soviet Union—and it allows us to manage social costs. This system also tends to affect the general mood of the population, because the results are not achieved fast enough and because the process is not completely visible. The swiftness of the recovering process, considering all of the variables, will depend on the problems encountered. Moreover, it will depend on the lack of connections between the emerging economy and the new economy, which should operate based on new foundations, and, in turn, it could begin reaping benefits from increasing capital flows whose growth is being maintained in 1994, although, in the past, these funds have always been invested in the emerging economy.

Editorial Compares Contemporary Socialism, Capitalism

FL0610021594 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Sep 94

[Station editorial by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] I recently stated that victory in the battle of ideas is first achieved on the material front because there can be no ideology or productive society nowadays without a solid material base to sustain them. I was referring of course to the concepts of socialism, which are currently being questioned because of the fall of the socialist bloc and the acute special period in which we are living.

It is clear that these times we are suffering and enduring have many people questioning the efficiency of a system that failed and died of natural causes in nine countries—the way we knew it—while it is going through substantial changes in China and Vietnam. Our own socialism is also transforming, its economy liberalized to adapt to new world conditions, which will necessarily reflect on a social level.

All these doubts carry an overwhelming logic. Due to our daily difficulties, we forget that for the first time in Cuba, poor and underdeveloped, we have had a better life for all, thanks to socialism. We forget that for the first time, health, education, and social security are for everyone, that electricity and civilization was carried for the first time to the most remote places.

Perhaps many of us were not ready to receive those benefits, and did not realize that to have them, we had to give as well. Most of us did not give as much as we should have. I know this is difficult to understand because we human beings have a tendency to minimize our own faults and maximize everyone else's, particularly with the concurrence of a systematic propaganda campaign from abroad.

Blame is diluted in the capitalist system. The economy is directed by many, even when the profit motive is the only goal. In a socialist system, successes and failures fall on the government, which centralizes everything, or which may be [words indistinct]. However, this is something to consider.

Capitalism's propaganda does not say, for instance, that approximately 200 years of the system has not been able to solve the problem of the 140 million Latin American people—45 percent of the continent's population—who are born, live, and die under permanent, acute, special-period conditions. This is a reality I have observed with my own eyes.

We have much to think about in this battle of ideas. From people wanting capitalism, who are there and who are not a small number, to those who have lost faith in their own fatherland and want annexation to the United States in 1994, to have the United States solve their problems [sacar las castanas del fuego]. These infantile [sietemesinos] people have lost their self confidence and want others to do what they do not feel capable of doing.

I know that most of us prefer to maintain our nationality, independence, and sovereignty, which we have grown used to during 35 years of socialism and Revolution. I ask myself if it makes sense to sacrifice everything for the pretense of material comfort, which has never been given to us, and which nobody can be sure of being given now.

The problems are very complex. There are dreams that did not come true when they were possible, and mistakes of haste in economic leadership, which nobody denies. However, nobody can deny that they have been committed to trying to benefit the people. Paternalism and egalitarianism are good examples, to which many people believe they have every right, giving nothing or little in exchange.

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Great inequality is not necessary in society—unemployed people, children without schools, old people without social security or health benefits, which happens in many parts in the world, the United States included.

We need to think more of our own past and present mistakes instead of everyone else's because despite the hardships, no one can contend that there have been other governments in Cuba trying to do more for the people than the current government. This government has a name: Socialism.

Roundup of Economic Developments

FL0410213294

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 4 October.

Cuba signed two technical cooperation agreements with FAO on 29 September to control the (Cigatoga Negra) disease in plantains, and to use ammonia as an alternative nitrogen source in cattle feed to increase meat and milk production. Currently, FAO has 11 ongoing projects in Cuba, and it is expected that the new programs will save Cuba $3 million. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Sep 94)

Workers of the agricultural farm in Cardenas, Matanzas, have increased their production goals by 10 percent, delivering 20 tons of meat so far in 1994, which represent a 100-percent increase when compared with similar period in 1993. (Havana Radio Reloj Network in Spanish 1954 GMT 30 Sep 94)

Direct flights between Holguin Province and Vienna, Austria, will begin on 2 November by [Word Indistinct] company, to satisfy the demand of Austrian tourists. The flights will later land in Varadero following arrival in Cuba. Tourist groups were limited in the past by shortage of Soviet planes. The new route will be served by Boeing 767 planes. (Havana Radio Rebelde Network in Spanish 2300 GMT 29 Sep 94)

Between January and August of 1994, western oil sector workers extracted 180,000 tons of crude oil, 13,000 tons more than the projected goal for the period. In the same time period, expenses were reduced by applying better organizational methods, including shortening the time required for repairs and maintenance of oil wells. (Havana Radio Rebelde Network 1155 GMT in Spanish 3 Oct 94)

The recently created air charter company Aerogaviota transports 13,000 passengers monthly, to and from Cuba. The company has 30 to 35 international flights monthly to Cancun, Merida, Nassau, Grand Caymen, Guadalupe, Port-au-Prince, Dominican Republic, and Jamaica, transporting passengers and freight. Other international points to which Aerogaviota flies are: Panama, Brazil, Canada, Russia, Holland, New Zealand, China, and Namibia. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Oct 94)

In Cienfuegos Province, over 1,300 people have requested land as part of the family self-consumption program. Half of these requests have already been granted. Jose Ramon Guerra, provincial representative of the Agriculture Ministry, stated that the goal was to resolve all the requests this month. Guerra also advised that there are 147 requests to grow coffee in the Escambray mountain area. Guerra highlighted that many requests were from people in cities and towns and that this tendency was very positive. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Oct 94)

The Juan Pedro Cardoso Ervia Agroindustrial Complex in Placetas was the only one in Villa Clara to reach its sugarcane planting goals, planting 16 caballerias in September. This complex has the greatest potential in the province to reach its winter planting goal before 10 October. (Havana Radio Reloj Network in Spanish 0200 GMT in Spanish 4 Oct 94)

The FAO and Cuban Government have signed two important technical cooperation agreements worth $120 million. One will establish a program designed to replace the traditional blend of molasses and urea as a nitrogen supplement by feeding livestock aqueous ammonia. The program is expected to save $3.5 million a year. The other program is designed to control black sigatoka, a fungus that causes banana trees to rot. (Havana Radio Havana Cuba in Spanish 0000 GMT 30 Sep 94)

According to Cuban Tourism Minister Osmany Cienfuegos, Cuban tourism is recovering from the recent crisis engendered by the departure of Cuban rafters. By the end of 1994, Cuba expects to receive 700,000 visitors and $900 million in revenues from this industry. In 1993, approximately 550,000 tourists visited Cuba and the industry's revenues topped $720 million. Some 455,000 tourists have visited Cuba during the first eight months of 1994. (Havana Radio Havana Cuba in Spanish 0000 GMT 1 Oct 94)

Castro Attends Concert at Basilica San Francisco de Asis

FL0610020494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 6 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The 280th anniversary of the carefully restored smaller Basilica San Francisco de Asis in Habana Vieja has been commemorated with an artistic event in the building's concert hall. The new concert hall's first visitor was Commander in Chief Fidel Castro.

Havana City's historian, Eusebio Leal, described all the efforts being made for the total restoration of the Convent of San Francisco de Asis, exactly 280 years after its construction. Leal referred to the financial help received

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from the Ibero-American Cooperation Institute and the work of Cuban builders and technicians.

Cuban authorities, personalities from cultural sectors, representatives of the diplomatic corps accredited in Cuba, and ecclesiastic authorities attended a concert given by (Frank Fernandez) and the (Esaudi) Choir. At the concert's conclusion, Fidel Castro spoke with the artist and advised the press of the three fundamental reasons for his presence at this event:

[Begin Castro recording] First of all, it represents my recognition of Eusebio Leal's extraordinary effort. It is an expression of support for all that is being done here in Habana Vieja, plus I wanted to listen to (Frank Fernandez) and the (Esaudi) Choir—those three things. [end recording]

The new concert hall in the smaller Basilica of the San Francisco de Asis Convent will be open from now on, providing for enjoyment of artists from Cuba and the world.

Documentary on Guantanamo Refugee Camp Life

FL0510122594

[FBIS Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0000 GMT on 1 October, during the regularly scheduled "NTV" newscast, carry "Return" (Regresar), a 22-minute documentary on life in the Cuban refugee camps on the Guantanamo naval base.

The documentary, produced by Trimagen, opens with NBC footage of the Cuban refugee camps on the Guantanamo naval base. Video shows men, women, and children carrying bags, walking between tents, sitting in cots, trying to communicate with Military Police officers, and standing in the heat of the day behind barbed wire fences.

Two unidentified young men in light blue short-sleeve shirts are then interviewed by an unidentified correspondent:

The first speaker says: "Countless abuses were committed during my stay in Guantanamo. It is a crime to say that you want to return to Cuba. I was handcuffed after I tried to escape. I experienced the abuse firsthand. They handcuffed me from around 1600 to 0200 without food or water, simply because I wanted to return to Cuba. Many of my friends also experienced abuse firsthand. One of them was jailed and beaten. The police had recently formed a sort of riot control team. They carried shields and billy clubs and beat people. They had an entire riot control team devoted to committing every type of repression."

The second speaker comments: "It was like waking from a dream to find myself caged. There is much abuse, mistreatment.

In response to the correspondent's question of where the alleged abuses took place, the second speaker says: "At the Guantanamo naval base."

The interview is followed by comments by a group of five unidentified young men, once again dressed in light blue shirts, who state that "there is nothing like experiencing it firsthand" because "there is a difference between propaganda and experiencing it firsthand." One of the young men cites Jose Marti: "I lived inside the monster and saw its entrails." They add that camp conditions are harsh; that everyone is getting sore throats, fever, and diarrhea; and that "all you get is an old blanket, not even soap."

Video then shows five Cuban border guards cautiously entering a minefield, with a wide shot of U.S. troops standing behind a fence. The Cuban troops bring two barefooted young men in yellow trunks in from the minefield and give them water. The young men, interviewed on the spot, report that U.S. soldiers verbally and physically threatened them and called on them to return to the camp, warning: "You will regret it when Fidel puts you in jail for five or eight years." The young men add that they met a Cuban-American woman: "She is supposed to be in charge of reuniting families, but she has wives, children, and siblings in different camps. She told us to return, that nothing would happen to us. We told her that that was a lie, that we had already experienced it firsthand, that we were beaten before by the Marines for trying to return to Cuba." They report that a Cuban was stabbed in the shoulder with a bayonet; that they, as "Castristas," were beaten by other Cubans in jail at night; and that, in addition to women and children, there are men in jail who are there "just to beat others."

A group of unidentified young men, standing before a two-story building in light blue shirts, tell of their experiences. One of them discusses his time in prison: "No, not four kicks but a good beating is what I got at the base because I wanted to return to Cuba. I spent 10 days in the Marine jail. The conditions are very bad. The cell has no windows. The only opening is above. They hit me on the legs to avoid bruising me. I was unable to walk for a whole week. This is why I could not escape before."

Video then shows border guards rescuing three more young men from a minefield. Guards step carefully through the field as they mark above-ground antipersonnel mines with small, round, red tags bearing the letter "M" in white. Audio carries a sustained tone, to effectively communicate the tension of the moment.

An unidentified correspondent then interviews the rescued young men. The men claim that they were "put in jail for wanting to return to Cuba," that approximately 85 people are in jail, and that they escaped by overcoming a Marine guard. One of them claims that a U.S. Marine clubbed him during his escape, sporting an injury to his cheek. Another reports that a female Marine "as big as any man" grabbed a small child and "rubbed his face in the dirt." Another reports that all his hair was

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cut off with a knife, adding: "The soldiers would say at night: The chief is sleeping; let's play!"

Video shows a man in his 30s lying in his underwear in a hospital bed. One leg is amputated at the knee, while the other is bandaged and scarred. He recalls his time with the Marines at the refugee camp: "They have a jail for punishing those who disobey, where they make people squat in the sunlight." He adds: "I saw the way they mistreat people. A man in a tent next to mine...[pauses] The lack of food and water prompted riots. A blanket was turned into a banner calling for food and water. They hit the two children carrying the banner in the ribs with clubs. I saw it."

Video then shows multiple shots of the mines, a watchtower in the distance, and border guards rescuing three more young men from the minefield. The men complain about the food at Guantanamo—"all you get is rice day in day out"—and describe the site as a "concentration camp." They insist that conditions are terrible and that medical treatment is scarce. One of them says, wheezing: "I went to see the medics because I am asthmatic. One of those yumas [slang for American] told me that only the dying would be taken to the hospital." Another refugee praises the Cuban soldiers for providing aid, adding: "Everything is awful. I am sincerely and completely disillusioned with it all."

The documentary concludes with an exchange between an unidentified correspondent and a smiling, young refugee seated under a shade tree with a baby in his arms and two women at his side:

The correspondent asks: "Are you happy?"

The interviewee responds: "That goes without saying."

In response to the correspondent's question of wether he would leave if he were given the opportunity to leave legally, the interviewee says: "No way, legally or illegally. Cuba is like no other country. It was an experience. I am not ashamed to say that I sometimes would tell myself: I will just leave! However, I think it is all out of my system. You act without thinking when you do not know what things are really like out there. It was an experience. It was bad and good, bad because I left and good because it serves as experience. At least I learned that it is better to eat stew with your family than the biggest steak alone."

The correspondent then comments: "A steak you did not get to eat."

The interviewee responds: "No. I did not eat it. I could not even eat it. Missing one's homeland is the worst."

The music of violins and wind and percussion instruments can be heard as the credits roll.

Lage Comments on UJC University Exchange Program

FL0610000294 Havana Radio Rebelde Network in Spanish 2300 GMT 19 Sep 94

[From the "Exclusive" program]

[FBIS Translated Text] The Union of Young Communists [UJC] has initiated a new strategy: the university exchange center. This center offers the UJC and leaders of the Federation of University Students firsthand information from knowledgeable sources on what alternatives the Revolution is implementing in Cuba's main sectors.

At this plenum, Carlos Lage Davila, Politburo member, discussed foreign investment in Cuba and the future of the economy. Lage was kind enough to say a few words for our program.

[Begin recording] [unidentified correspondent] Comrade Lage, what do you think of this new UJC strategy, which is geared toward having high-ranking Cuban authorities provide information to UJC members and students?

[Lage] It is a very important initiative. It contributes to the preparation of young people and student organization cadres. This is very essential for all the comrades with responsibilities in Cuba, and it is a part of our work. It is a part of our responsibility to participate here and in other meetings of this kind—not only to come here and explain things, but to exchange opinions; not only to come here to speak, but to listen. In some of the questions asked and in the reflections of the comrades, one hears opinions, points of view, and perspectives. This is very important for the authorities who participate. I believe that the information the young students receive is without a doubt very useful. I think this experience should be continued. [end recording]

At this time, a representative of the Agriculture Ministry is analyzing agriculture, the food production program, and its solutions. This evening, Eusebio Leal, Havana City's historian, will analyze the historic antecedents that have led to the current situation.

Politburo Members Meet University Students

FL0510181794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 21 Sep 94

[From the "NTV" newscast]

[FBIS Translated Text] University student leaders received a detailed report on the diverse and complex political and economic reality of our country during the ideas workshop held at the University of Havana exchange center. The presence of Carlos Lage, Ricardo Alarcon, Ulises Rosales del Toro, Abel Prieto, and ministers and vice ministers of culture, agriculture, and the sugar industry was aimed at promoting a fluid dialogue between leaders of the country and university students. These officials provided detailed explanations and responded to many questions from the 280 youth leaders at the meeting. Esteban Lazo, first secretary of the Party in Havana City, said at the conclusion of the workshop that the most convincing argument to defend is that of the Revolution and its achievements in public health, education, and the development of mountainous areas:

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[Begin unidentified speaker recording] I am impressed that all these leaders have come here to speak to us so that we can be the spokespersons of what they say. [end recording]

While the participants expressed many different opinions, all agreed that they are better prepared to face the ideological-political debate in the University classrooms.

Dominican Republic

Analysts: Arrival of Cedras, Biamby Seems 'Imminent'

PA0510235694 Paris AFP in Spanish 2226 GMT 5 Oct 94

[By Jesus Perez]

[FBIS Translated Text] Santo Domingo, 5 Oct (AFP)—Joseph Michel Francois, former Port-au-Prince police chief and the number three man in Haiti's military hierarchy, spent his first day in the Dominican Republic secluded in the residence of his brother, Evans, located in an exclusive section of western Santo Domingo.

Francois, who does not speak Spanish, appeared at the entrance of the residence in the neighborhood of Los Cacicazgos this Wednesday, wearing a short and blue trousers, with his head covered by a white cap and dark glasses, to hear brief statements made by his brother.

Evans said he will not speak about his presence in the Dominican Republic as a show of gratitude for the welcome granted by the Santo Domingo government, but Joseph Michel Francois may eventually make a statement after deposed President Jean-Bertrand Aristide returns to Haiti.

The residence of Evans Francois, who served as ambassador to the Dominican Republic, is guarded by a high-rise cement fence with an iron gate that blocks the view of the interior, except for the second story, covered by a broad roofed balcony, with an arc-like architecture style.

The property is guarded by several agents of the National Investigation Department (DNI, Dominican political police), who blocked access to journalists, except when Evans Francois made his brief statement.

Sources who asked to remain anonymous told AFP Joseph Michel Francois, accused of murdering thousands of Aristide supporters and whose actions he termed "an antisubversive struggle," may prolong his stay in the Dominican Republic. Sources stated a luxury residence is being renovated in Los Rios, another exclusive area of Santo Domingo.

Official sources confirmed the government of President Joaquin Balaguer granted Francois a tourist visa that allowed him to enter Dominican territory following his resignation from the post of Port-au-Prince police chief and after spending Monday night at the Malpasse border area (60 km from Port-au-Prince) in hopes of receiving an entry permit.

After the arrival of Joseph Michel Francois, Dominican analysts said the arrival of the other two Haitian military leaders, Raoul Cedras and Phillipe Biamby, seemed imminent, adding they are only awaiting to be granted an amnesty by the Haitian Congress as part of the agreements reached with President Jimmy Carter.

Reports from the border sector of Jimani, near Malpasse, a little more than 200 km west of Santo Domingo, indicate the Haitian border post was occupied this Wednesday by hundreds of U.S. soldiers.

Meanwhile, in Santo Domingo, the decision to accept the arrival of Joseph Michel Francois caused adverse reactions from the press and political circles. The press warned in essence that by allowing Francois to enter without an established timeframe, the Dominican Government has increased its vulnerability regarding the denunciation of its ties with the dictatorship established by Gen. Raoul Cedras, who toppled Aristide on 30 September 1991.

Other social organizations also deplored the fact "the Dominican Republic ... becoming a sanctuary for Haitian killers."

Haiti

Senate Approves Jonassaint Removal, Malval Reinstatement

FL0510215094 Port-au-Prince Signal Fm Radio in French 1730 GMT 5 Oct 94

[FBIS Translated Text] The Haitian Senate on 4 October approved a resolution removing responsibility for executive power from the Judge Emile Jonassaint government. In the same resolution, the Upper Chamber of the Haitian parliament invites the resigning government of Prime Minister Robert Malval to resume responsibility for government business on a day-to-day basis, and to pave the way for the return of constitutional President Jean-Bertrand Aristide as soon as possible. The resolution also termed the installation of unrecognized President Emile Jonassaint by the vote of several illegitimate senators on 11 May an abuse of authority that jeopardized national sovereignty.

The people of Port-au-Prince believe this resolution will open the way for movement, or at least for the resumption of government matters by the Malval government, and for the smooth ousting of Emile Jonassaint and his government.

Amnesty Proposal Presented to Chamber of Deputies

PA0610031194 Paris AFP in Spanish 0134 GMT 6 Oct 94

[FBIS Translated Text] Port-au-Prince, 5 Oct (AFP)—Rene Prosper, government minister and interim justice

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minister of Prime Minister Robert Malval, who has tendered his resignation, introduced an amnesty proposal at the Chamber of Deputies at 1730 this evening.

The proposal is designed to encourage "national reconciliation, excluding violence and revenge, within the framework of respect for our Penal Code," Prosper told the deputies, adding that the amnesty would not cover political crimes as defined by the Constitution.

The minister recalled that an amnesty decree signed by President-in-Exile Jean-Bertrand Aristide was published in MONITEUR, Haiti's official publication, on 8 October 1993. Prosper's proposal was turned over to the chamber's Justice Commission, which will debate it tomorrow. The Senate also should receive the proposal tomorrow.

Aristide Addresses UN General Assembly

FL0510013094 Port-au-Prince Television Nationale d'Haiti in French 1928 GMT 4 Oct 94

[Speech by President Jean-Bertrand Aristide before the UN General Assembly in New York on 4 October; passages in italics in Creole—live]

[FBIS Translated Text] [Words indistinct] I offer my warmest congratulations to Mr. Amara Essy, Ivory Coast foreign affairs minister, for his election to the presidency of the 49th session of the General Assembly. Mr. President, while wishing you success, I make a point of assuring you that the Haitian delegation will fully cooperate with you.

I offer my congratulations to Ambassador (Samuel Inshanali) for having led the work of the 48th session of the General Assembly so well. We also offer our congratulations and thanks to UN Secretary General Butrus Butrus-Ghali. I wholeheartedly thank you, Mr. Secretary General, for the links of solidarity woven with the Haitian people. I thank all of you, friends of the international community, a 1,000 times, for the support you have brought to the Haitian people these past three years. Allow me to offer special thanks to President Bill Clinton, to our special friends, including the United States, Canada, France, Venezuela, and Argentina, and to all the governments—notably those of the Caribbean Community [Caricom]—that made contributions to the establishment of Resolution 940 and the implementation of the Governors Island agreement.

Ladies and Gentlemen: How happy I am to greet you and thank you in the manner of lavalassement! Finally, I will be in Haiti within 11 days [applause]. Thanks to the heroic courage of the Haitian people and thanks to your solidarity, we will soon return. Your eyes and ours will contemplate the opening of the democratic flowers there. I invite you to celebrate this celebration of reconciliation, democracy, and peace in our country within 11 days. Already, with the peaceful activation of Operation Uphold Democracy on 19 September, a tropical smile has illuminated the faces of the peace lovers. Together, President Clinton and we have since then been able to bore a tunnel of hope through so many sufferings.

Congratulations to the Haitian people! May the memory of our 5,000 victims be honored and respected! Father Jean-Marie Vincent died so Haiti can live. The resistance of the Haitian people plunges its roots into an historic past where the beacon of freedom glows day and night. Toussaint Louverture rightly stated, while embarking for France: By overthrowing me, you have only cut down the trunk of the freedom tree; its roots will grow again because they are numerous and deep. [applause]

On the threshold of the bicentennial of our independence, those roots are nourishing us with democratic sap. The Haitian people will never stop struggling to guarantee their inalienable and imprescriptible rights to life, freedom, and happiness. We will never stop struggling to create a socially just, economically free, and politically independent Haitian nation. The world's first black republic, torn apart by the 30 September 1991 coup d'etat, is resolutely and definitely moving toward the establishment of a democratic society. By whipping the milk of diplomacy, we make the butter of democracy. [applause] In the face of this dismal drama that these three years of suffering represent, the thorn of distress cuts to the heart. Nevertheless, our people excel in painting the landscape of hope. The courageous people live on hope while the cowards live on fear. Better late than never!

By following the river, one reaches the sea, said Plautus in the Second Century, before our era. Despite the democratic structures set up to that effect by Solon and Pisistratus in the Sixth Century, before our era, it was necessary to await Ephialtes, (Clifton), and Pericles to finish the democratization of political life in Athens. Hope helps survival. We are not afraid of what Haiti will be in 2004.

Beyond the distressing display that these three last years symbolize, we are walking toward the year 2004 with optimism. The road that leads us necessarily passes around this historical corner where the 16 December 1990 elections intersect with our return to Haiti. Within 11 days, I will be there, thanks to the determination of the Haitian people and your (?international community) solidarity.

It is a story worthy of attention, the one of a free nation. The story of nations submissive to despotism is only a collection of anecdotes. Within 11 days, we will be there. A bright light will gleam in all eyes, the light of reconciliation. Between violence and revenge resides reconciliation. Between impunity and iniquity resides justice. In other words, we, president of the Republic of Haiti, are clearly and firmly saying, let us say yes to reconciliation; no to violence; no to revenge; no to impunity, yes to justice. [applause]

We will run the coffee of reconciliation through the coffee filter of justice so there is no violence, no revenge. [applause].

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Through reconciliation, enthusiasm must kindle all hearts, rich and poor, civilians and military. Through reconciliation, floods of tears will no longer stream from proud eyes. You, parents and friends of our 5,000 victims, you who are suffering from this overwhelming yoke, all of you, rich and poor, military and civilian, soon a stream of light will flood the depths of your heart. This is the light of reconciliation. Otherwise, how can the darkness of infra-human misery be dispersed? How can one go from misery to poverty with dignity? The exploration of Third World countries allows us to see that one fifth of the developing population faces hunger everyday. One fourth is deprived of the basic means of survival, one third vegetates in extreme misery. The summit for social development planned for 1995 in Copenhagen will have to offer new possibilities to reduce the distress of more than 1 billion human beings, tortured by hunger, disease, and total deprivation. In Haiti in 1994, the number of children going to school reached 750,000. More than 1,250,000 children remain at home or work on agricultural plots of land. However, our Constitution provides that education is a right for all citizens. It is a duty that the state cannot shirk. Thus, in 10 years, 3 million children will need to attend school, which presupposes an increase in teachers, from 35,000 to 100,000, and schools from 8,000 to 20,000. Once I return, we will begin a literacy campaign, intended to achieve an insignificant rate of illiteracy, 5 to 10 percent. *Illiterate people are not stupid.* Reconciliation among all is understood and imposes itself. Reconciliation and peace interlace, always and everywhere.

The dissolution of the Soviet bloc favors the opening of a new era, after decades of bipolarity. However, the responsibility to protect peace within our states falls on us. Between 1989 and 1992, 82 armed conflicts were reported, and only three of them opposed other states. In our country, institutionalized violence has not begun any civil war but genocide. Today again, despite the presence of the multinational force, acts of violence toward the population continue. The disarming of paramilitary groups, notably FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] and their attaches, is essential so that peace can prevail throughout the country.

[In English] This operation is proceeding, to the complete satisfaction of the Haitian people. Obviously, the restoration of democracy [returns to French] will lead all of us to respect justice for every citizen.

[Words indistinct] a peace messenger. For us to have peace, weapons must be silenced. [applause]

The professionalization of the Army of 1,500 men and the creation of a police force, separate from the Army, fits into this peace process—the peace of protection, the peace of being guaranteed happiness for all Haitians.

Article 265 of our Constitution states that the Haitian Armed Forces are apolitical.

Article 264 states that they were established to guarantee the safety and integrity of the territory of the Republic.

Article 269.1 states that the police must maintain public order and protect the lives and property of citizens.

The time has come to create a stable environment in which to promote national reconciliation and to discontinue the practice of a 7,000-man Army absorbing 40 percent of the national budget. Military budgets around the world have been decreasing considerably—on an average of 3.6 percent per year—for six years. Why has this not been the case in our country? There is one soldier for every 1,000 Haitians. We have 1.8 doctors for every 10,000 residents, while the industrialized nations have an average of one doctor for every 400 residents.

Upon my return, I will develop a health program that will correct the situation: 1,000 doctors for every 7 million residents, one nurse for every 2,200 residents, and one hospital bed for every 1,300 residents. Our objective for the year 2004 is to serve the 8 million Haitians with 2,000 doctors and 8,000 nurses and to increase the number of hospital beds by one for every 400 residents. We will have to open one health center per district, bringing the total to 52. Each communal section will have its own community clinic. Health measures will allow us to decrease the infant mortality rate from 135 to 40 per 1,000. The people will see the average life expectancy rate jump from 54 to 65 years.

Reconciliation and reconstruction are closely related. We will pour the reconciliation coffee through the filter of justice to separate the grounds of violence or vengeance. The tragedies of Rwanda, Burundi, and Bosnia-Herzegovina call out to us day after day from beyond our borders. The suffering of one man is the suffering of mankind. Every man is a man. Over 23 million people have been killed with conflicts...[pauses] in armed conflicts since World War II. How can we remain indifferent to the storm of violence that is hitting many sister countries, like Nigeria, Somalia, Georgia, Sudan, Armenia, to mention only a few? Steps toward peace were fortunately taken in some of the conflicts in 1993 and 1994. We welcome the hope for peace in the Middle East—between Israel and Palestine—and in South Africa, which has held its first nonracial and free election, no racial barrier, no class barrier.

On the threshold of the year 2004, the Haitian diaspora—that is, our 10th Department—is the center par excellence where reconciliation between Haitians and Haiti is celebrated. *Congratulations to our 10th department! The biggest wealth of Haitians is Haiti. Our country is our country. The appointment is in our country. We can make it as beautiful as the rainbow.* [applause]

A total of 17.4 percent—that is, 740 km—of our roads are paved, with the rest—that is, 2,960 km—hard-packed surface roads. All major and secondary cities will be linked by a network of 2,500 km of paved roads in 10 years. A total of 3,000 km of new communal tracks will be paved.

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No more than 1.3 percent of our land is covered by forest. Haiti will have no forests in 1998 if they continue to disappear at the current rate. The big reforestation campaign that I will develop will call for over 6 million trees to be planted every year. One-third of our territory will be reforested in the year 2004. This climate of political stability will obviously allow us to promote economic growth. In 1991, the economic policy and the fiscal discipline adopted by the lavalas government yielded $5.2 million in customs and internal receipts and transfers from the public enterprises, a great performance in our country's history. Between now and the year 2004, at the growth rate of 10 percent per year, the same receipts will yield $1.26 billion. On the monetary level, the results were also satisfactory: an increase in the exchange reserves by $20 million, devaluation of the gourde from 58.7 percent to 47.6 percent, inflation brought down from 20 percent to 12 percent. What is left of those achievements after three years of pillaging? The money ceiling has been raised twice. The inflation rate is estimated at 60 percent. Public finances are depleted. The public treasury recorded a loss of $100 million for the (?fiscal) years 1992-1994. Hence, the demand for reconciliation among Haitians and inside Haiti, sine qua non to create a modern state through the reconstruction of economy.

We must open up the economy to attract foreign investments and to provide the Haitian consumer with goods at better prices. Cooperation between the private sector and the state is indispensable. The external debt of underdeveloped nations has increased 15 times over the past two decades, from 100 billion [currency not specified] in 1970 to 650 billion in 1980 to more than 1.5 trillion in 1992. The debt weighs heavily on the development of Third World nations. Some countries had to service a debt of 160 billion in 1992, twice the public debt on development. However, it appears that this trend is reversing: Arrears at home rose to 42 million in September 1993 and will reach 81 million in December 1994. When I return, 13 million will be released in the form of government contributions to pay those arrears. The implementation of a state of law also implies reconciliation among Haitians, citizens of a country where every man is a man, equal before the law. The administration of sane justice will spare us the infernal circle of violence and revenge. The Haitian population does not have access to a judicial system today. There are only 174 peace courts and 300 lawyers to service our 565 communal sections. The rule of law remains an indispensable means to rebuilding the world to which we aspire for the year 2004. From there, each of the communal sections will have to have its own peace court. The number of lawyers will double to 600. A reformed judicial system, assisted by an independent national civil police, 10,000-agents strong, will instill trust in citizens. Thus, the restoration of democracy will bring respect and justice for all. In 2004, after 10 years of good democratic management, we will have to succeed in a structured civil society where tolerance is shared among the political parties, the Parliament, the locally elected ones, labor unions, socioprofessional, peasant, grass-roots organizations, basic churches communities, protestants, Catholics, and voodoo followers, cooperatives and nongovernmental organizations. On the threshold of the third millennium, the principle of one-man-one-vote can only accelerate the democratic march on the planet.

Between one-half and three-fourths of the world population lives in the framework of relatively pluralistic and democratic regimes.

Elections were held in 45 countries in 1993, in some for the first time. We, at home, will have already had four municipal elections, six legislative elections, and three presidential elections by the year 2004. Public administration will have benefitted from modernized ministries and public institutions. Political life will be more active locally because most of the important decisions will be made in the 565 communal sections and 135 communes.

Mr. President, distinguished diplomats, distinguished delegates, dear friends of the international community: Thanks to your support and the determination of the Haitian people, we will soon see this better future. Created to spare the world the plague of a new world war, the United Nations has seen its role extended and its duties increase in importance year after year in a completely different international context. Gathered here for the 49th session, on the eve of our organization's 50th anniversary, I make the wish that this organization will always answer the new challenges the world faces efficiently.

Haitian people, you, Haiti youth, upholders of our pride and dignity: To save our dear Haiti, let us all be united under the cabbage palm, topped with the cap of freedom and shaded by its leaves. Let it be written in gold: Unity Gives Strength. [applause]

Our universe is expanding, its 100 billion galaxies moving further and further away just as we, Haitians, are coming closer and closer together. Reconciliation among all and justice for all! The Earth travels around the sun at 30 km per second. May the land of Haiti revolve around the sun of justice at a similar speed! [applause]

All to the rendezvous of reconciliation! All in the march toward the year 2004 for the bicentennial of our independence!

From mouth to ear, spread the news: Without violence or revenge! Let us gain from the sweetness of democracy. I am counting on you. You can count on me. I will see you soon. The day of our reunion is coming. Alone, we are weak; together, we are strong, strongly united; we are lavalas!

Lesage Succeeds Francois as Police Chief

FL0510212694 Port-au-Prince Radio Metropole in French 1600 GMT 5 Oct 94

[FBIS Translated Text] According to U.S. military spokesman Colonel Barry Willey, a new Port-au-Prince

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police chief has been appointed. The appointment was made by the Haitian Army High Command.

Col. Jodel Lesage is the new Port-au-Prince police chief. Col. Lesage, 40 years old, is from Jacmel and was a member of the 1974-1976 class of the Haitian Military Academy. He was promoted to colonel on February 6, 1992 and has been in charge of the main office of the Army Headquarters since 18 December 1991. In 1988, Col. Jodel Lesage acquired the diploma of High Studies from the Ecole des Officers de la Gendarmerie Nationale Francaise de Melun.

Col. Lesage succeeds Lieutenant-Col. Joseph Michel Francois, who went into exile in the Dominican Republic after writing a letter of resignation to General Cedras in which he criticized his chief and indicated that he preferred resignation to dishonor.

Cedras, Jonassaint Attend Funeral for Cap-Haitien Dead

FL0510180894 Port-au-Prince Radio Metropole in French 1500 GMT 5 Oct 94

[Report by correspondent Rothschild Francois, from the Military Hospital, in Port-au-Prince; monitored in progress—live]

[FBIS Translated Text]...the funeral for the Cap-Haitien victims, including eight soldiers and two civilians the Haitian military refers to as unknown soldiers. The military high command, with General Raoul Cedras out in front, and provisional President Judge Emile Jonassaint attended the ceremony.

Colonel Carl Dorelien, head of military personnel, read a message and paid homage to the soldiers killed in Cap-Haitien. Col. Dorelien denounced U.S. Marines in Cap-Haitien who, he said, assassinated Haitian soldiers who were peacefully...[pauses] There was no confrontation. Col. Dorelien said that the U.S. military started shooting at the Haitian military and asked if we were not experiencing a new Marchaterre [reference to a region in southern Haiti where U.S. Marines killed many people during the occupation of 1915]. Here is an excerpt of Col. Dorelien's remarks:

[Begin Dorelien recording] They fell not in battle but simply because they trusted the soldiers of the world's most powerful and richest nation. They fell because they are soldiers of the poorest country and sons of a black people. They fell for having given their words as soldiers to work toward the well-being of the military institution, their institution, with the same love and determination that they had showed in Savannah [reference to Savannah, Georgia, where Haitians helped the Americans fight the British during the Revolutionary War]. They fell because they believed in the freedom and equality of men. [end recording]

That was Col. Dorelien, who today paid homage to the soldiers who were killed in Cap-Haitien on 24 September. The soldiers were buried in the Military Hospital, in Port-au-Prince. Their bodies had been buried in Cap-Haitien but were exhumed and buried at the Military Hospital for good this morning.

Citizens Destroy Duvalierist Party Headquarters

PA0610013194 Madrid EFE in Spanish 2340 GMT 5 Oct 94

[FBIS Translated Text] Port-au-Prince, 5 Oct (EFE)—Dozens of citizens destroyed today the headquarters of the Duvalierist party Assembly of Democrats for the Republic [Reunion de Democratas para la Republica], which was inaugurated a year ago.

Enraged Haitians carried out what is known in Haiti as a "Dechoukaj" (storming a place and leveling everything on the way) as they arrived at the headquarters of the rightist organization, which is headed by Gabriel Agustin and located near the seawall of Port-au-Prince.

The party had previously operated out of a building adjacent to the Port-au-Prince mayoralty, which was given to this political organization by Gerald Salomon, adviser to Mayor Evans Paul and a collaborator of the Haitian military men.

Hundreds of citizens have destroyed and raided several stores owned by individuals with links to or who have supported the coupist military men ever since the U.S. troops intervened in Haiti within the framework of a "peace mission" to restore democracy.

The U.S. military police stormed the headquarters of the Revolutionary Front for the Promotion and Progress of Haiti (FRAPH), the political arm of the military men, on 3 October and arrested a dozen Haitian policemen.

The U.S. military police seized about 30 weapons and arrested about 50 individuals during the operation.

FRAPH Chief Urges Reconciliation, End to Violence

FL0510192494 Port-au-Prince Radio Metropole in French 1045 GMT 5 Oct 94

[Passages in italics in Creole; passages within quotation marks in English]

[FBIS Translated Excerpt] The Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] renounces violence: Emmanuel Constant said so publicly on Champs-de-Mars Square on 4 October. He said: I call on my FRAPH colleagues to lay down their arms and to prepare to accept President Aristide's return as a reality. Rothschild Francois reports:

[Begin recording] [Francois] The FRAPH leader has definitely changed his tune in choosing to support President Aristide's return and in serving as a constructive opposition force. Constant's new political fuel: No more violence! Yes to building Haiti!

The FRAPH commander in chief recognizes that President Aristide's return is a reality and calls on everyone to

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lay down their arms and stop necklacing. Constant, who was speaking at the base of the Toussaint Louverture statue, in Champs-de-Mars, denies that he received anything from the United States in exchange for his new message. The FRAPH spokesman says that his organization will continue to exist and will participate in the coming elections. Constant recommends that the 18 September agreement be respected.

[Constant] The Port-au-Prince agreement provides for Aristide's return. That is a reality. We, FRAPH, will accept Aristide's return if it means saving the Haitian people and as long as there is no necklacing or ransacking. We accept Aristide's return and are willing to work as a constructive opposition force so that we can reestablish order and dignity in the country. I do not know if this is the best solution, but we must listen to Mr. Jonassaint and wait for 15 October to see if the Port-au-Prince agreement is respected peacefully and with discipline. There is already cooperation in the provinces: FRAPH members are not being attacked in the provinces. We call for reconciliation. We issue a formal call for reconciliation today, just as General Cedras, Colonel Francois, and President Jonassaint are doing.

I have no protection: I have no arms at home, and I am...[pauses] As I have always said, (?my security) lies with the people. It is time that ransacking and plundering stop so that peace can prevail in Haiti.

This is what I mean by peace, the fact that no stores were burned down or plundered and that no one has been killed with a stick over the past three years. This is important. The shots are not being fired from just one group. We must find out from where the shots are coming. FRAPH is already a model of cohabitation.

"FRAPH is a model of cohabitation. We have all tendencies. No matter what the people are saying, the important thing...[pauses] Everybody knows that there is one patriot in Haiti: It is me. And since last year, I have been standing up for Haiti and for the people, and I am still standing up for it. A lot of people...[pauses] Almost every house in Haiti has a gun. I have to stay here to lead my people and to protect and make my members safe."

[Francois] The FRAPH commander in chief explained to the press on 4 October that he wanted to preempt President Aristide, who was due to speak before the United Nations. Constant tried to address the world community directly—mostly in English—before President Aristide did.

The heavy U.S. military cordon around the site of Constant's news conference did not prevent demonstrators from demanding that Constant be thrown in jail. Constant said in response that no one can arrest him, arguing that no charge can be held against him. The FRAPH spokesman announced that he will remain in Haiti to lead his organization, despite President Aristide's impending return.

Responding to questions on his objections to Stanley Schrager, U.S. Embassy spokesman, Constant said that, quote, Schrager and I have the thankless job of spokesman, a post which prompts us to change our words in accordance with events, end quote.

Schrager deems the FRAPH leader's remarks positive and hopes that FRAPH will keep its promise. [passage omitted] [end recording]

Constant Threatens War If Harmed

BR0410130594 Madrid EL MUNDO in Spanish 4 Oct 94 p 18

[Interview with Emmanuel Constant, secretary general of the Revolutionary Front for the Promotion and Progress of Haiti, by "special correspondant" Javier Espinosa in Port-au-Prince "only hours before U.S. troops entered FRAPH headquarters and seized 50 people": "If Anybody Dares Touch Me, War Will Break Out in Haiti"—first three paragraphs are EL MUNDO introduction]

[FBIS Translated Text] Only hours before U.S. troops entered the headquarters of the Revolutionary Front for the Promotion and Progress of Haiti (FRAPH, neo-Duvalierist—EL MUNDO editor's note) and seized 50 people, the leader of that extreme right-wing party told EL MUNDO's special correspondent that his militants would defend themselves against aggression "using any means" within their reach.

He never appears before the press without the flashy ring bearing the arms of the Haitian Army, which he inherited from his father, Gerard Constant, defense minister under Francois Duvalier's bloody regime. Before that, Gerard Constant was military attache to the Haitian Embassy in Spain. Emmanuel spent five years in Madrid.

As time passed, Emmanuel became secretary general of the Revolutionary Front for the Promotion and Progress of Haiti and began to be feared as much as his father had been.

[Espinosa] Last Friday [30 September], members of your organization fired shots against a demonstration held to honor the memory of the victims of the military uprising, and killed at least five people. What are your views on the firefight?

[Constant] Over the past year none of FRAPH's demonstrations have ended in a violent manner. U.S. Embassy spokesman Stan Schrager states that FRAPH was responsible for Friday's violence. But none of my boys took part in the looting which went on throughout the morning. So what violence are we talking about?

[Espinosa] We are talking about the murder of five demonstrators near your party's head office.

[Constant] They attacked us, and it was only to be expected that my people would defend themselves.

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[Espinosa] Do you consider it normal for defenseless people, like the head of a foreign TV crew, to be murdered at close quarters?

[Constant] I know they killed that person, and I am very sorry about that. But why does nobody ask me about the 15 FRAPH members who were murdered?

[Espinosa] When did that happen?

[Constant] On Friday. The boy stoned by the mob was a member of FRAPH.

[Espinosa] What about the other 14?

[Constant] We are still collecting the bodies in the streets of the capital. Nobody talks about the FRAPH members who were stoned to death, burned. But looting and stoning are swell, they are democratic. That is all fine, but when I defend myself I am a terrorist.

[Espinosa] You are still not answering my question. Do you consider your followers' reaction appropriate?

[Constant] My people are unarmed. I told them to lay down their arms, to use sticks and stones. I too have tonnes of stones on the roof of my house to defend myself with.

[Espinosa] But those who were murdered were shot down by gunfire.

[Constant] Some had to resort to weapons; they were frightened because there were too many demonstrators. Also, if their lives were in danger, they had every right to use any means within their reach to defend themselves. Let me give you an example. The other day a mob started gathering to come to my house and kill me. We decided to warn our followers by radio, and 25 people responded immediately. Do you think it likely that those people, who were about to face a delirious mob, would come empty-handed? Of course they grabbed their Caliber 38's.

[Espinosa] A week ago, however, you stated during a news conference that you had asked your people to lay down their arms.

[Constant] I told them that they would never need to carry arms again, and I misled them. All of a sudden, groups of people appeared who wanted to burn them. Many had to flee. That is over now. We will not let them intimidate us. We will not allow them to enslave us, even if they come with tanks.

[Espinosa] The demonstrators did not have tanks.

[Constant] They did not, but three U.S. tanks were here the other day. They were coming to get me, they had a photograph of me. That is intent to murder. The mob asked for the tanks to intervene so they could take advantage of the situation and kill me. I am a first-rate politician, and I am too high-level for the plebs to humiliate me.

[Espinosa] Do you feel threatened?

[Constant] Of course; I am the number one target. Now I will tell you what my followers say: If anybody dares touch me, war will break out in Haiti.

[Espinosa] Your party has been accused of violating human rights in all sorts of ways.

[Constant] I do not understand why we are a problem for everybody. We have said we wish to cooperate with the United States, that we accept the Port-au-Prince agreement, and we are still the bad guys. What is the matter? Perhaps the best way of showing how democratic we are is by looting and burning people, the way the mob does.

[Espinosa] I will formulate the question differently. U.S. Embassy spokesman Stan Schrager called your party "antidemocratic."

[Constant] Look, (he interrupted the question for the umpteenth time) Stan Schrager is a propagandist, which is why I have asked President Emile Jonassaint to declare him persona non grata in Haiti. He constantly interferes in the country's domestic affairs. Apparently he is now going to say that Haiti's public TV station and national radio have to be occupied because they are hostile to Aristide. What is the matter, is this not a democracy? They have every right to exercise opposition.

[Espinosa] Why do you think the situation in Haiti has deteriorated?

[Constant] The petition for Aristide to come back has caused chaos. The mob is exploiting the Americans. The other day, when the grenade incident occurred, they told the soldiers that there were people hiding in the warehouse, so they shot the door down. Then they retreated, and the mob looted the warehouse. The same thing has been happening over the past few days. We always feared something like this would happen, that this country would be plunged into anarchy.

[Espinosa] Do you agree to the return of Jean-Bertrand Aristide?

[Constant] It is of no concern to us whether he comes back, and I will tell you something else, he is not responsible for what is happening right now in Haiti.

[Espinosa] Who is then?

[Constant] Evans Paul (Port-au-Prince mayor and possible successor to Aristide—EL MUNDO editor's note). He is the one who does not want Aristide back. That is why he incites people to violence. It is his people who were in the streets on Friday, they were the ones doing the looting. It is he who does not agree with the amnesty law and who will boycott the Parliament meetings. But this city has Emmanuel Constant to take on Evans Paul.

[Espinosa] What sort of person joins FRAPH?

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[Constant] FRAPH is a union of people of all tendencies. We want to be a bridge between the Tonton Macoutes and Aristide's followers. If you go to a FRAPH meeting you will find people ranging from the worst Macoutes, the ones who still yearn for Papa Doc, to Aristide followers who do not share his interpretation of the word "peace."

[Espinosa] You are very close to Colonel Michel Francois, the Haiti police chief. But the United States maintains that Francois might be getting ready to leave at any moment for the Dominican Republic. What is your reaction to his possible departure?

[Constant] None, because Michel Francois is staying at his post. That is another example of the disinformation used by Schrager, who was on the point of causing a public riot with that report. Michel Francois is carry on working as usual. I spoke with him the day the demonstration took place. I told him that the world was watching us and that, if the Americans could not hold the mob back, he had to do it, the way he has done it over the past three years. I set him to work.

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Suspect in Ruiz Murder Linked to Earlier Crime

PA0510123694 Mexico City Radio ACIR Network in Spanish 0000 GMT 5 Oct 94

[From the "Evening News Panorama" broadcast]

[FBIS Translated Excerpt] [Reporter Jesus Casasola] We are going to give a chronological report of what has happened here at the Southside Prison. The Attorney General's Office [PGR] has reported that Daniel Aguilar Trevino, the confessed killer of Jose Francisco Ruiz Massieu, secretary general of the Institutional Revolutionary Party [PRI], is also implicated in another murder in the city of Reinosa, Tamaulipas State. According to an inquiry conducted in that the city, the Federal Judicial Police discovered that chemist Javier Valdes Medina was shot 11 times with a machine gun on 26 September 1992. The motive was revenge. When Aguilar Trevino's photograph recently appeared on television and in local newspapers, eyewitnesses to the chemist's murder identified him as the person who shot Valdes Medina. File No. 851-952 outlining the events of more than two years ago was sent to the PGR, which today forwarded it to 11th District Penal Court at Southside Prison in the Fonseca Mountain region as additional evidence against the confessed killer.

[Announcer] That would mean the witnesses would have to come to Mexico to identify him. If the case of the machine-gunned chemist—a cast that has been closed—is indeed reopened, it would have serious implications for Daniel Aguilar Trevino.

[Casasola] Yes, because we have to consider that, speaking through his own court-appointed lawyer, the confessed killer stated he did not know how to use such a weapon. If it is confirmed he was involved in the murder of chemist Valdes Medina, his claim would be proved false, because he is trying to avoid any indication that he is familiar with the use of any weapon, let alone a machine gun. A machine gun was used to kill Francisco Ruiz Massieu. A machine gun also was used in the murder of the chemist on 26 September 1992. This gun also had the same characteristics of the one used to kill the PRI secretary general. It is obviously not the same gun, since investigations have showed that someone else implicated in the Ruiz Massieu homicide purchased the machine gun in Tamaulipas from a Rural Police commander.

[Announcer] These incidents link Daniel Aguilar Trevino to a murder that occurred two years ago.

[Casasola] That is correct. The murder occurred on 26 September 1992. If you notice, this murder coincides by two years with Ruiz Massieu's murder. That happened on 26 September, and the PRI secretary general was killed on 28 September 1994.

[Announcer] If this version is confirmed, Daniel Aguilar Trevino would also be indicted for this crime, obviously. In terms of the PGR investigation of the Ruiz Massieu assassination, it would confirm that Aguilar Trevino is no simple killer but a hired assassin, as is generally believed. What we would have to establish clearly for whom was he working.

[Casasola] Indeed, he is a hit man, to use police jargon to describe this sort of person, because he is familiar with the use of these weapons. As we reported this morning, in his preliminary statement, Irving Anthony Dorrego Ciderol, a cameraman employed by the Government Secretary to convey official information, said his brother-in-law, Fernando Rodriguez Gonzalez, talked to him about a plot to kill the PRI secretary general. He added that he was at first against it, but Fernando personally warned him that since he knew what was going on, his life was in jeopardy and that he had no other choice but to cooperate. For that reason, the cameraman provided the politician's schedule. He acknowledged he was at the home of Fernando Rodriguez Gonzalez during preparations for the murder. Rodriguez Gonzalez was at all times accompanied by his wife, Maria Eugenia Ramirez Arauz.

The two of them are still at large. He added that his brother-in-law told him there was nothing to be worried about because the individuals who would participate in the murder would have a lot of protection, and even if someone was arrested, a way would be found to have him released. The accused added that before 28 September there were two attempts to kill Francisco Ruiz Massieu. The first was at the University Club, but the PRI leader failed to attend a scheduled working meeting. The second one was during a public function held at the Independence Monument.

Olga Estrebes Escamilla, the 12th District Penal Court judge at the Southside Prison, stated that in 72 hours the legal status of (Dorrego Siberol) will be established. He is facing murder charges for complicity and conspiracy. He also could be sentenced to 50 years in prison just on the counts of complicity and conspiracy, and the PGR, as you have stated, has announced that Jose Martin Ramirez Arauz was captured and remanded to the same court.

[Announcer] He is the brother of the wife of Fernando Rodriguez Gonzalez, who is still at large.

[Casasola] That is right. I want to tell you that in his preliminary statement here in this court this man admitted he was in charge of investigating some residences and places Francisco Ruiz Massieu visited. He added that, by taking advantage of his post as a Chamber of Deputies employee, he took Jorge Rodriguez Gonzalez to Ruiz Massieu's home and office on several occasions on instructions from Deputy Manuel Munoz Rocha. I want to tell you that a Chamber of Deputies card was brought to this court today...

[Announcer, interrupting] You mean an identification card.

[Casasola] That is right. Jose Martin Ramirez Arauz was carrying it, and it identified him as an employee of the Chamber of Deputies. The accused said that, by taking advantage of this post, he and Jorge Rodriguez Gonzalez spent 20 days following Ruiz Massieu to different places.

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The deceased was not aware he was being tailed. He said Fernando Rodriguez Gonzalez was going to kill the politician because his boss—in other words, Munoz Rocha—gave him the order, because Ruiz Massieu was blocking his political interests, as well as pushing for the changes that are taking place and will continue to take place within the national PRI.

According to the PGR, Jose Martin Ramirez Arauz told the PGR that besides Deputy Manuel Munoz Rocha—and this is another breakthrough in the investigations—other people higher the legislator ordered him to murder Ruiz Massieu. This is contained in the arrest documents forwarded to the court. So far, eight people have been arrested and criminally charged because of their involvement in the homicide. [passage omitted]

Indians, Peasants Urge Fulfillment of Chiapas Accords

PA0310183594 Mexico City LA JORNADA in Spanish 30 Sep 94 p 20

[Report by Rogelio Garduno Espinosa]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas State, 29 Sep—The "independent" State Council of Indian and Peasant Organizations (CEOIC) has charged that the state government "does not want to find overall solutions" to the "agrarian conflicts," because it is not abiding by the commitments established in the presence of Governor Javier Lopez Moreno himself.

At a news conference, Caralampio Gomez, Trinidad Martinez, Martin Lopez, Josefina Cruz, and Alfredo Villegas, on behalf of the CEOIC, denied that over the next few days they would stage a mass seizure of 48 coffee farms in the area of Soconusco. They also warned that they reject the government's proposal to establish a trust to resolve the Chiapas agrarian conflict.

The CEOIC leaders reported the amount of land needed by the 38 social organizations that comprise the CEOIC totals some 100,000 hectares.

The peasants warned, "we disprove of war and acts of repression," and they expressed their concern over statements by the local prosecutor who said police forces are preparing to dislodge squatters. According to Trinidad Martinez, the peasants also denounced "rumors that owners are training more than 200 well-armed policemen to dislodge squatters."

The peasants also accused Governor Javier Lopez Moreno "of not complying. He wants another agreement signed, but we do not want to sign agreements."

Trinidad Martinez warned that in the border area there "is tension, because owners are preparing to use private means to dislodge squatters."

Commenting on the position of the authorities who yesterday "stood them up," Caralampio Gomez recalled that neither Lopez Moreno nor Government Secretary Rodolfo Ulloa Flores attended the meeting. "They are making fun of us," he added.

For that reason, the CEOIC called on the groups that comprise the council to prepare action plans to respond to the government's "failure to comply" with the commitment to meet Wednesday [28 September].

It also was learned that 100 men of the Emiliano Zapata Peasant Organization (OCEZ) are still occupying the Prussia Farm in the mountain area and "will not leave because it belonged to some Germans who have nothing to do with Chiapas."

The CEOIC representatives criticized the local government's "refusal to provide overall solutions," and, in turn, it will not be possible to resolve agrarian problems within two months.

Alfredo Villegas stated that despite the authorities' receiving more than 70 million new pesos, the state government has refused "to resolve the dispute" in the fields. Meanwhile, the Comptroller General's Office is in Chiapas investigating several public officials.

Villegas said: "We have voiced the need to have a dialogue to resolve problems. When our comrades take actions to exert pressure, it is then that the governor talks with us. This does not resolve anything, however."

Villegas added the CEOIC cannot accept the trust fund, because it is simply a way of shunning responsibility on the part of the federal and state governments. Most of all, the local authorities must participate and not place all of the burden on the peasants.

He said: "Some say the trust fund will be based on Procampo [Program of Direct Support to the Countryside] aid, which they will not receive within the next 14 years. As a matter of fact, we have said Procampo is insufficient because it does not even cover the equivalent of what the comrades had in terms of guaranteed prices. The trust fund itself aggravates the agrarian problem."

He added that the request for land by the 38 organizations comprising the "independent" CEOIC totals nearly 100,000 hectares.

Roundup of Economic Developments

PA0410234994

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 4 October.

According to a 26 September Mexico City-datelined item, the National Bank of Mexico (BANAMEX) has announced that in the first seven months of 1994, Mexico's trade deficit increased to $8.860 billion, which constitutes a 27-percent increase when compared to the same period a year earlier. Exports reached $28.832 million in the first seven months, while imports totaled $37.691 million. BANAMEX noted that oil exports

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registered an 11.2-percent decline in the same period, while sales of manufacturing industries increased 22 percent. (Madrid EFE in Spanish 0324 GMT 27 Sep 94)

According to a 26 September Mexico City-datelined item, an official study confirmed today that in 1993 the tourism industry provided one-fourth of all foreign currency earned by Mexico, becoming a starting point for a regional integration process. According to a study conducted by the Mexican Health Secretariat, in 1993 Mexico earned $4 billion from tourism and received 17.2 million tourists. (Mexico City NOTIMEX in Spanish 0341 GMT 27 Sep 94)

A 27 September Mexico City-datelined item cites BANCOMER (Bank of Commerce) Director Ricardo Guajardo saying that BANCOMER and the U.S. firm GTE have signed a letter of intent to form a strategic alliance to invest in the Mexican telephone service. BANCOMER and other Mexican investors will own 51 percent of the shares and the U.S. company will own the rest. (Paris AFP in Spanish 0209 GMT 28 Sep 94)

According to a 27 September Mexico City-datelined item, a BANAMEX report indicated that the Mexican auto industry experienced a 10.4-percent growth rate in June over the same month in 1993, selling 55,392 cars. (Mexico City NOTIMEX in Spanish 0229 GMT 28 Sep 94)

Mexican Petroleum (Pemex) yesterday urged national and foreign companies to participate in bids for the drilling of nine wells off the coast of Campeche. This venture will allow the incorporation of crude oil into the national oil reserves. Emilio Lozoya, secretary of energy, mines, and parastate industry, stated yesterday that, despite the broad opening given to national and foreign private investors in the sector, the state is unwilling to yield its leadership and control over the country's electric power industry. Lozaya stressed that foreign investment in the electric sector has amounted to $6 billion during the current administration. (Mexico City UNOMASUNO in Spanish 28 Sep 94 p 19)

According to figures and information provided by BANAMEX and Pemex, despite the fact that Pemex needs at least $20 billion to modernize its operations in the next five years, it only invested 3.860 billion new pesos—approximately $1 million—in infrastructure in the first half of 1994. Moreover, if the current trend continues, this budget will barely double by year's end. If these investment levels persist, Pemex will only be able to meet 50 percent of the goals set for the five-year period, and consequently, its modernization will be delayed. According to data provided, Pemex's revenues dropped approximately 11 percent in the first half of 1994 compared to the same period in 1993. (Mexico City EL FINANCIERO in Spanish 28 Sep 94 p 8)

Sergio Fumero, the Costa Rican ambassador to Mexico, has stated that Costa Rica will do everything in its power to join NAFTA. He noted that the trade agreement Costa Rica recently signed with Mexico will be instrumental in his nation's joining NAFTA. (Mexico City EL FINANCIERO in Spanish 28 Sep 94 p 27)

Statistics from the National Institute of Statistics, Geography, and Information Services, the Mexican Economic Information Center, BANAMEX, and the Mexican Analysis and Economic Projections Center show that the government's labor and salary policy has resulted in an erosion of the population's real income level and that no conditions exist to improve the situation. Since 1992, the minimum wage has lost 58.9 percent of its purchasing power and real wages are down 20 percent. Profits generated by the private sector as a percentage of GNP is approximately $505 million. For every peso paid in wages, Mexican companies earned two pesos in profit. The government's neoliberal policies are promoting a concentration of wealth in which 23 Mexicans form a wealthy elite with fortunes that surpass $1 billion, while 54.18 percent of the GNP is concentrated in 20 percent of families. (Mexico City EL FINANCIERO in Spanish 28 Sep 94 p 28)

BANAMEX reports income for the national financial system reached 31.2 billion pesos between August and January 1994, which is equal to 48 percent of the loans made exclusively by private banks during the same period. This reflects a downward trend in private banking's traditional income and the absolute domination of the so-called "benchmark currency." During the first half of 1994, 3.5 billion new pesos were withdrawn, while 28.9 billion new pesos were deposited. (Mexico City LA JORNADA in Spanish 30 Sep 94 p 55)

According to a 29 September Madrid-datelined item, the World Bank has granted Mexico two loans totalling $700 million to support regional development programs and to dispose of solid waste in mid- sized cities. The first loan, amounting to $500 million, will be used to finance decentralization and regional development programs in the country's eight poorest states. The other loan, amounting to $200 million, will be used to modernize solid waste disposal facilities in mid-sized cities. (Madrid EFE in Spanish 1056 GMT 29 Sep 94)

According to a 30 September Tlaxcala-datelined item, the National Association of the Processing Industry (CANACINTRA) today reported that the Mexican toy industry grew by 25 percent during the first three quarters of 1994, adding that this industry represents up to 2 percent of the GDP. CANACINTRA also reported that discounted toys exceeded 15,000 tons. (Mexico City NOTIMEX in Spanish 2117 GMT 30 Sep 94)

The Commerce and Industrial Secretariat has reported that exports in the textile and clothing industry have increased 32 percent so far in 1994. The textile and clothing industries exported $1.732 billion worth of merchandise in 1993. (Mexico City EL FINANCIERO in Spanish 29 Sep 94 p 38)

Textile businessmen have reported that the numerous regulations imposed by the Commerce and Industrial Development Secretariat will make the textile quotas

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negotiated under NAFTA decline by more than 50 percent. They explained that six of the industry's 16 categories exported nothing and that the exports from four other categories barely amounted to a mere 3 percent of sales. In the first week of October, the government will try to limit bids to only 25 percent of the NAFTA-assigned quota, when it could accept bids for 100 percent. In this way, it will attempt to exert pressure on the United States to increase the current ceiling. For example, the U.S. Government assigned a quota of 650,000 dozen pairs of pants, and although the Mexican Government has already granted shares of the quota, only 280,000 dozen have been exported so far. (Mexico City EL FINANCIERO in Spanish 30 Sep 94 p 18)

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El Salvador

Santamaria Requests Extension of ONUSAL Mission

PA0510133194 San Salvador Canal Doce Television in Spanish 0300 GMT 1 Oct 94

[FBIS Translated Text] Foreign Minister Oscar Santamaria today asked UN Secretary General Butrus Butrus-Ghali, on behalf of the government, to extend the UN Observer Mission in El Salvador [ONUSAL] mission by six months.

Santamaria, who is currently at the United Nations, said he asked Butrus-Ghali, on behalf of President Armando Calderon Sol, to extend this mission, which is scheduled to end in late November, because the peace process demands the presence of the United Nations, although the final phase of the peace accords is under way.

The foreign minister said three issues remain to be solved: a reintegration program for former fighters, the distribution of land to these former fighters, and public security, particularly the territorial and operational deployment. of the National Civilian Police.

Guatemala

De Leon on National Police Purge, Human Rights

PA0510143894 Guatemala City LA REPUBLICA in Spanish 1 Oct 94 p 4

[Report by Ramon Hernandez]

[FBIS Translated Text] President Ramiro De Leon Carpio held a news conference yesterday during which he announced that he has instructed all officials to respect human rights and that the National Police purge was "necessary." He added that it is "impossible" to raise bureaucrats' salaries by 75 quetzales.

Asked about several deputies' request to purge the National Police, he said: "I think it is all right, particularly now that Congress has been purged. Now you can talk about it."

"We agree" with the deputies' request, he answered. He added, however, that the security forces require a complete transformation. Purging the National Police will cost 50 million quetzales, but this money will come to the country only if peace is signed, he said.

De Leon Carpio also announced that he has specifically instructed all government officials to respect human rights and freedom of expression and to help in every possible way the UN commission in the country preparing the facilities for MINUGUA [UN Mission for Guatemala].

He stated that people who violate human rights will be punished, regardless of the institution to which that person may belong. Any resolution issued by Human Rights Ombudsman Jorge Mario Garcia Laguardia should also be heeded. We will show the international community that the situation reported abroad is different from the one reported by Guatemalan or international groups, the president said.

He admitted that there have been serious human rights violations in the country but added that great progress has been made during his government.

Regarding protests by members of FENASTEG [National Federation of State Workers' Unions], the president said the government has done its part.

According to De Leon Carpio, the agreement stated that a reorganization should have been carried out after 90 days, but this historic opportunity was lost, and it is the workers' fault.

De Leon Eliminates Reconstruction Committee

PA0510123094 Guatemala City Teleonce Television in Spanish 1900 GMT 30 Sep 94

[From the "Telepress" newscast]

[FBIS Translated Text] President Ramiro De Leon Carpio eliminated as of today the National Reconstruction Committee [NRC], which was created after the 1976 earthquake. This organization had become a political booty that was overburdened with bureaucracy during the past years, the president explained at a news conference:

[Begin De Leon recording] As you know, the NCR was created on 18 March 1976, almost 20 years ago, after the 1976 earthquake caused serious damage in the country. The government at the time created the NCR through an executive provision to further its policy of reconstructing the damages caused by the earthquake, but this is a past which was left behind a long time ago. The provision determined that that committee would be presided over by the president of the Republic and headed by an executive director appointed by the president.

Originally, Article No. 5 of the provision, which created the committee, stipulated that its technical and administrative personnel as well as its operational requirements would be obtained from the different ministries and government institutions so as not to create more bureaucracy and that its expenses would be charged to their budgets. Contrary to the stipulations of the provision, the succeeding governments turned this committee into a political booty, filled it with many people, and, finally, gave it a budget of approximately 16 million quetzales. This action should never have been done, because, as I said, the NCR was established to address the problems left by the earthquake and was not intended to create more bureaucracy and overburden the budget.

Article No. 8 of the provision indicates that all the appointments to the NCR would be made by the president of the Republic and that they would be honorary

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positions. The objective was for the committee to use government personnel and the resources available at the time and not incur more expenses. As I said, the governments that preceded me had made administrative changes that deviated from the original objective of the NCR. [end recording]

[Words indistinct] the NCR will be transferred to other government offices, President De Leon Carpio said:

[Begin De Leon Carpio recording] The NCR programs will be transferred starting today to the corresponding government offices and ministries. For example, the food program, which has caused so many problems and on which you yourselves have reported the difficulties in distributing the food before it is damaged and rots in a country where there is hunger and poverty, will be transferred to the Agriculture, Cattle Breeding, and Food Ministry. The international cooperation program will be sent to the General Economic Planning Secretariat, and the equipment agreements will be transferred to the development councils, which have worked so effectively through the solidarity fund up to now. We will probably also transfer equipment to Army shops, to the [word indistinct] of the Army that have also shown efficiency in their work. Municipal corporations could also get some of this equipment so it could be put to good use.

Article No. 18 of the government provision that created the NCR states the committee will operate as long as the president of the Republic deems it necessary. Thus, this is my decision, and there is no need to go to the Congress of the Republic with it. As the provision stipulates, the president is the one that has to decide on this issue. I thus hereby announce that as of today, at this moment, and in compliance with the law we will compensate the 267 or 268 people who work in the NCR. This money to do so is included in the budget. The approximately 300 people who are on the NCR payroll will receive their severance pay next week. Only a few people will remain, as they are to clear the office and transfer the equipment and all the services this office has rendered. [end recording]

In addition, the few personnel left will receive their compensation through the Urban and Rural Development Ministry. The Congress of the Republic is expected to issue a resolution on the closing of this office, the president stated:

[Begin De Leon recording] At this time, I am issuing instructions to the deputy development minister, who was acting minister until today, that all the wages of the approximately 40 people who were still in the Development Ministry are to be paid. Only a few employees—the deputy minister is not included—will remain to clear the office.

We will then await Congress' decision, because this ministry was created by law, and thus the request to Congress will need to be studied by it, and it will then either approve the shutdown or not.

Anyway, we have canceled 868 positions in the Development Ministry, leaving 32, up to now. We will cancel approximately 30 positions and leave only two or three people to close up.

By adhering to these actions we are complying with what I said at the beginning of my administration, that inefficient institutions which for one reason or another were not doing their job, such as the Development Ministry, would be closed. I said from the beginning the Development Ministry had become an institution of partisan politics, and, therefore, not beneficial to the inhabitants of Guatemala. The work of this ministry, which in some cases was beneficial, has been transferred to other institutions, and a handful of officials and employees, very few, has been transferred to these institutions. [end recording]

Honduras

Reina Presents Soldiers' Day Speech

PA0610030194 Tegucigalpa Voz de Honduras Network in Spanish 1711 GMT 3 Oct 94

[Speech by President Carlos Roberto Reina on the occasion of Soldiers' Day at General Francisco Morazan Military School in Tegucigalpa—live]

[FBIS Translated Text] Honorable special guests [words indistinct], Guatemalan Defense Minister Mario Rene Enriquez Morales and Salvadoran Defense Minister Humberto Corado Figueroa; president of the Supreme Court of Justice; vice president of the National Congress; special guests; ladies and gentlemen.

The decoration granted to me today by the Honduran Armed Forces honors and distinguishes me. This is all the more so because I feel that this distinction has been given to me by the people's Armed Forces, military men who possess the historic power of Ventura and Francisco Morazan. The courage and loyalty of the Honduran soldier makes the nation proud, and the nation feels safe under the protection of these sentinels of the Constitution of the Republic.

This is why I receive this decoration with the satisfaction of being the commander in chief of our changing and modernizing Armed Forces, which understand their mission in this time of peace in the Central American region. As Honduran president and after conscious reflection, I repeat the words of the martyr of the union: If, when I fall, my love for Central America dies with me, I call on the young, the ones who must give life to this country, to follow the example of my death with conviction, before leaving the nation in the disarray in which it now exists. This was Francisco Morazan in his testament to Central America.

I also will do my duty as commander-in-chief of the Armed Forces by invoking the names of the heroes and

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by giving well-deserved recognition for [words indistinct] the ideals: The noble Salvadoran people and our own [words indistinct]. Whenever we can we look over the history of our nation with excitement and we find the glorious heroic actions of brave Hondurans who [word indistinct] and reconstructed the fatherland with their actions. In so doing, they left us their achievements as an eternal example for present and future generations.

Francisco Morazan, whose accomplishments go beyond the boundaries of the fatherland of which he dreamed, not only symbolizes the Central American hero, but he is the builder of the nation in its most sublime expression. He is the sixth sense of this geographical body of five states, and he symbolizes the historic, geographic, and political meaning of our survival as a free nation along the necessary path of unity. Those of us who share the ideals and sacrifice of the legendary hero of the trinity [words indistinct] the Holy Spirit, [words indistinct]. It is an honor and a challenge to preside over a celebration in which we praise the undying hero.

This is especially so when I am distinguished with a special recognition in the form of The Great Cross of the Armed Forces of Honduras. I will dignify this award with my Morazanist conscience and conviction, as well as with the high moral conduct of another exemplary soldier—Jose Trinidad Cabanas.

It is necessary to make several short but significant civic observations about the outstanding person of General Morazan as we celebrate the 102nd anniversary of his birth in Tegucigalpa. There is no doubt that the admired image of Francisco Morazan serves as guidance for our fellow countrymen, whether enlisted or professional, who have set high standards within this glorious armed institution. As the renewed enthusiasm surrounding Central American unification sweeps away the final vestiges of a recalcitrant and oppressive darkness, the principles of the Morazanist doctrine become totally valid, both within and beyond the geographical boundaries of our America. It is in this spirit that the Armed Forces as an institution and each of its members are called upon to highlight the moral and political values of this extraordinary hero through their actions. The great Honduran jurist Alvaro Contreras, among other fine things, once called Morazan the eternal favorite son for his unquestionable merits.

Morazan struggled on battlefields as well as in his not so-quiet public life, and he was able to make the most of difficult situations. Those who wear the fatherland's uniform and have the duty of emulating his exalted performance also have the duty of increasing their efforts, as our tireless hero did, to fulfill the various tasks with an American spirit at a time when there is a shortage of financial resources, and they have to do all of this because the fatherland always needs loyalty, honor, and sacrifice.

I urge society to cooperate toward the strengthening of our military institute because the Armed Forces are, as Heinz Morgenso used to say, vital in nations embarking on processes to consolidate democratic ideals.

I also appeal to young people to participate and voluntarily fulfill their civic duty of serving the fatherland.

Referring to military service, Pope John Paul II once said, and I quote: The nature of military service is to provide a positive, honorable, and very noble social service. The essence of the military vocation is to defend goodness, truth, and, especially, the people who are abused. End of quote.

On this exceptionally important day, I am taking advantage of the opportunity to welcome the commanders of the Armed Forces of the Central American countries, who will be given the [name indistinct] decoration of the Honduran Armed Forces in recognition of the work performed in their posts. Let this coordination of efforts contribute to the consolidation of democracy, to jointly combating drug trafficking and narcoterrorism, to effectively controlling crime in all its manifestations, to working together for material and human advancement under difficult conditions, to improving the environment, and to working on all activities aimed at the ultimate goal of every nation—namely, the wellbeing of the people.

There is no doubt that the presence of these commanders is an answer to the concept of a unified Central American nation—a concept we enthusiastically support.

On this anniversary of the birth of the champion of democracy and of strong Central American unity, I, as commander in chief of the Armed Forces, present to our soldiers in all corners of the nation's territory an optimistic greeting of companionship. I present it also to those who, because of scholastic or special-mission reasons, are out of the country but are elated whenever they hear our national anthem. I present it especially to the Honduran contingent serving under the auspices of the United Nations in Western Sahara.

Central American soldiers, let us firmly embrace Christian postulates and Morazanist ideals. I am certain that a [word indistinct] Christian is a latent [word indistinct] and that a [word indistinct] Morazanist is a redeemed terrorist.

It was late at night when Morazan said these words: Cheers, soldiers of the fatherland! [applause]

Nicaragua

Resistance Party Adviser Wounded in Attack

PA0410225694 Panama City ACAN in Spanish 1743 GMT 2 Oct 94

[FBIS Translated Text] Managua, 2 Oct (ACAN-EFE)—Spokesmen for the Nicaraguan Resistance Party [PRN] have reported that former Mayor Reinaldo

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Aguado Montealegre, political adviser of this organization, was wounded today in an attack in the country's north.

Aguado was the only one wounded in the attack. He is in a Managua hospital now, recovering from a bullet wound in his neck, the sources reported.

Aguado was going to the northern city of Ocotal to participate in an activity organized by the PRN when unidentified individuals who were hiding on both sides of the road fired on his automobile.

Aguado was wounded in the collar bone. His vehicle, at that point with flat tires, overturned. The attackers did not go in to finish him off, because curious passersby ran to the site to see what had happened.

PRN sources told the media the vehicle's driver, Ruben Antonio Betancourt, was unable to see any of the attackers; he only heard the shots and immediately lost control of the vehicle.

The attack occurred this morning in San Benito, 80 km north of the capital.

Aguado was a prisoner under the Sandinist administration that governed Nicaragua from 1979 to 1990. The Sandinist government accused him of spying for the U.S. Government. He was released as a result of a petition in this regard from former Costa Rican President Oscar Arias Sanchez.

Panama

Cuban Rafters Threaten To Flee Camps

PA0510165294 Panama City LA PRENSA in Spanish 4 Oct 94 p 2A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] The rafters in Panama threatened again yesterday to escape into the jungle or jump into the Canal if the United States does not grant them political refugee status to travel to that country, sources at Camp 1 have reported.

The rafters are in four camps on the banks of the Canal under the responsibility of the U.S. Army.

Of the 96 rafters who began a hunger strike last Thursday [29 September], 58 desisted, but the others continue to express their intention to travel to the United States, because "we are facing political persecution."

Lieutenant Colonel Melany Reeder said that 38 rafters, including two women, remain on hunger strike after 58 others decided to quit.

Some rafters were uneasy yesterday, while others were disgruntled about the uncertainty of "not knowing where we are going" after six months, one of them stated.

The agreement signed between Panama and the United States establishes that 10,000 rafters will remain in this country for six months. It is understood that after this period, they must return to Cuba, something which they reject.

The rafters demand they be given political refugee status and be allowed to enter U.S. territory. Armando Clarke, one of the rafters, said that "I will live at sea, in the Canal, or in the jungle, but I will not return to Cuba. When they tell me I have to return, I will jump the fence."

For Cuban Alina Cuervo, U.S. President Bill Clinton "caused the rafters' exodus because he told everyone to leave, and everyone put to sea. Now they are not allowing us to enter the United States."

The Southern Command reported that as of yesterday morning there were 3,303 rafters in Camps 1 and 2; 351 women, 2,783 men, and 163 minors. [figures as published] A group of 320 rafters is expected this afternoon.

2 Cubans Attempt Escape; Lewis Galindo Comments

PA0510190694 Panama City Telemetro Television Network in Spanish 1730 GMT 5 Oct 94

[Report by Atenogenes Rodriguez; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The Panamanian community awoke today surprised by the escape of a Cuban rafter from the Southern Command camps in the country. The truth is that it was not one but two escapees. The latest news is that they have been returned to the camp after being found in Veraguas Province. Foreign Minister Gabriel Lewis Galindo confirmed the escape and gave details of what happened.

[Begin recording in progress] [Lewis Galindo] ...and at this time, he is being brought from Santiago to the camp.

[Rodriguez] Will the fact that this Cuban escaped from the camp lead to a direct meeting with the U.S. Government so this will not happen again?

[Lewis Galindo] Well, they have explained to us that they have taken every measure to ensure this will not reoccur, but remember, these are not prisoners. They have to convince them that this is the best thing for them, under the circumstances in which they find themselves. I think that when the Cubans in those camps receive visits from their relatives—and many of them are frequently arriving—they will see how much pressure their relatives are exerting on the United States. If they have a little patience, I think the case will be resolved in their favor. [end recording]

The foreign minister does not believe the Cuban rafters' stay in Panama should be shortened.

[Begin Lewis Galindo recording] Unless there is something of such magnitude that it prevents their stay, the

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fact that one of them escaped from the camp—and was returned in less than 24 hours—is not really sufficient grounds to suspend a humanitarian gesture that I think has received the support of a great majority of the Panamanian people. [end recording]

"Telemetro Reports" has learned that along with the two escaped Cuban rafters, the Southern Command also found a youth belonging to the Teen Challenge rehabilitation center for drug addicts. He is not a Cuban.

Future Ambassador Cited on Mission in Mexico

PA0510033494 Mexico City NOTIMEX in Spanish 2132 GMT 1 Oct 94

[Report by Sandra Paez]

[FBIS Translated Text] Panama City, 1 Oct (NOTIMEX)—One of the main goals of the Panamanian diplomatic mission in Mexico is to guarantee its professionalism and responsibility, Nils Castro, diplomat and future ambassador to Mexico, said today.

Castro, a member of the Democratic Revolutionary Party (PRD) and the first Panamanian ambassador appointed in a Latin American country to receive a government's consent, will present his credentials to Mexican President Carlos Salinas de Gortari on 4 October.

Castro said during an interview with NOTIMEX that given the significance of Panama's relations with Mexico, "this relationship should receive the required attention, something which has not occurred in past years and which should be promptly overcome."

The diplomat will replace Ezequiel Rodriguez, the current ambassador in Mexico and a rancher linked to the government of former President Guillermo Endara Galimany.

Castro, who is also a journalist, believes "there are vast points of convergence between the Panamanian and the Mexican governments" following a "standstill" in bilateral relations to guarantee multiple cooperation and the presence of the two nations in multilateral fora.

"There are promising prospects in the area of economic (?cooperation), as well as in the increase of bilateral trade and good prospects for Mexican investment in Panama," Castro added.

Castro also spotlighted the investment opportunities that will be available in Panama following the reversion of areas that have been occupied thus far by military installations of the U.S. Southern Command stationed in Panama.

"It is an area that has been used fruitlessly thus far, because it has been occupied by mostly military bases, but it could become a complex of industrial and commercial facilities in the future," he said.

It would be difficult for Panama to tackle this project alone according to Castro. It should be implemented with international capital, particularly from Latin America, "and Mexico has the largest Latin American presence."

According to official information, Mexico ranks second after the United States in investment here with approximately $60 million. As a result, Castro said "this is the best time to reinforce that trend."

A small businessman downplayed the importance of the increase in Mexican investment in Panama several days ago, but Castro said "there are many other prominent Panamanian businessmen who will certainly be interested in this rapid increase."

The diplomat emphasized that Mexico's participation in Panama is "quite promising" vis-a-vis private companies and mixed initiatives involving the participation of one of the two governments.

As the Mexican president has said relations with Panama had normalized on 8 September, Castro said this period "constitutes a type of awakening or resurgence" following an involution that began with the U.S. invasion in December 1989.

"Relations between Panama and Mexico had somehow reached a standoff and showed little dynamism, but a great potential has been accumulating, and the coming period could mark the spillover of all that potential that had been refrained thus far," he said.

Castro, who married in Mexico and whose three children were born there, studied philosophy and the humanities at the National Autonomous University of Mexico between 1950 and 1960.

Following the U.S. invasion of Panama, Castro was exiled in Mexico City until the beginning of 1994, when he joined the campaign of then presidential candidate Ernesto Perez Balladares as a political adviser.

Castro has taught in Mexico for the past three years and was vice president of the Permanent Conference of Latin American and Caribbean Political Parties [CPPPALC] at the request of the late Luis Donaldo Colosio, president of the CPPPALC in 1990.

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Argentina

Menem Confirms IMF 'Walker' No Longer Needed

PY0510144994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2110 GMT 3 Oct 94

[FBIS Translated Text] Buenos Aires, 3 Oct (NA)—President Carlos Menem emphasized today that Argentina "no longer needs the IMF walker." He stressed that the IMF has "congratulated" our national government for waiving the last Extended Facilities Plan disbursements.

Menem thus again denied that the decision to waive a $410 million IMF disbursement was a "safeguard" to prevent the IMF from calling attention to the government's supposed increase in public spending during an electoral period.

Menem emphasized: "I am not led by media commentaries. I am led by the IMF remarks congratulating Argentina for its position. There are therefore no other remarks to be made."

In this regard the president criticized some media and economists, whom he did not identify, because "they criticize us if we join the IMF, but if we leave, as we did now, they also criticize us."

In remarks made to a radio station, Menem emphasized: "The bare truth at this point is that Argentina does not require this kind of extended facilities loan in order to keep growing and developing its potential, as it is doing nowadays."

Medical Checkup Indicates Menem in Good Health

PY0510143794 Buenos Aires TELAM in Spanish 1450 GMT 4 Oct 94

[FBIS Translated Text] Buenos Aires, 4 Oct (TELAM)—President Carlos Menem's medical checkup at the Buenos Aires Cardiovascular Clinic this morning showed that he is in satisfactory condition.

"I feel good. I am not going to die yet," the president joked with journalists when leaving the hospital at noon today. Menem then drove to the Olivos residence.

Menem was accompanied by private physician Alejandro Tfeli and Private Secretary Ramon Hernandez. He entered the clinic at 0640. On 14 October 1993 Menem was operated on at this clinic to eliminate an atheroma in his right carotid artery.

The president left the clinic at 1145. A few minutes before, Communications Media Secretary Guillermo Seita read a medical report.

"Today President Carlos Menem underwent a medical checkup," the report says, adding that the physicians who saw him "verified that all studies and test results were normal."

The medical report was signed by Doctors Juan Carlos Parodi, Cesar Gnocchi, Jorge Belardi, Ramon Leiguarda, Hector Lardani, Luis de la Fuente, Francisco Rodriguez Vigil, Alberto Alvarez, and Alejandro Tfeli.

After the 14 October surgery the president underwent a medical checkup on 9 November last year, and then another on 22 March of this year.

According to information made known yesterday, Dr. Tfeli reported Menem's decision to undergo the checkup through a note sent to the Communications Media Secretariat.

The note explained that anyone who has undergone surgery on any part of his circulatory system must undergo a medical checkup every six months.

Di Tella Discusses Falklands in UK Meetings

PY0510150094 Buenos Aires TELAM in Spanish 2119 GMT 4 Oct 94

[FBIS Translated Text] Buenos Aires, 4 Oct (TELAM)—The Argentine and UK foreign ministers will review on 5 October the possibility that companies from the two countries might jointly exploit oil around the Malvinas Islands.

An Argentine Foreign Ministry source today reported: "Foreign Minister Guido Di Tella and his British counterpart Douglas Hurd will have lunch together on 5 October in London to review the status of the negotiations and assess the feasibility of a project drawn up by private companies."

The meeting between the two foreign ministers will mark the end of the talks by a high level group that met on 3 and 4 October in London to discuss oil exploitation around the Malvinas Islands.

The Argentine delegation was headed by Foreign Policy Under Secretary Rogelio Pfirter, and the British delegation was headed by William Marsden, the Foreign Office assistant under secretary for the Americas.

Energy Under Secretary Raul Aguero and Energy Secretariat technical adviser Eduardo Davila participated in the discussions as observers.

Even though Di Tella traveled to London the last weekend "on a private visit," as reported earlier, he carried out many official activities today.

The source indicated: "The foreign minister talked this morning with Jack Cunningham and Alan Rogers, the Labour Party's first and second officers for foreign relations, during a Labour Party Congress in Blackpool, a town near London."

The source pointed out that during a telephone conversation with his Foreign Ministry assistants, Di Tella described his meeting with the Labour Party leaders as "long, friendly, and constructive."

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The source noted that Di Tella commented that his conversation partners "posed many questions, because they wanted to become acquainted with the Argentine Government's stand on various issues of bilateral interest."

This afternoon the foreign minister talked with Norma Edwards and Sucky Cameron [names as received], the officers in charge of the "stand [preceding word in English] of the Malvinas Islands inhabitants in the British Parliament."

Di Tella's activities in London will be completed on 5 October with a scheduled meeting with Hurd, secretary of state for foreign and commonwealth affairs, at his residence. The source pointed out: "The luncheon was arranged today to review the political points of the talks that the experts are holding on the oil issue."

The source confirmed: "The Foreign Ministry is willing to cooperate as long as the oil exploitation is carried out unanimously and under the sovereignty protection umbrella."

Private businessmen from the two countries have been involved during the past few months in reviewing the enterprise of exploiting the Malvinas Islands oil through a joint venture formed by a group of Argentine companies headed by YPF [Government Oil Deposits] and British companies headed by British Petroleum.

The negotiations were reportedly definitely promoted during British Secretary of State for Energy Tim Eggar's visit to Buenos Aires in mid-September.

The high-ranking Foreign Ministry source concluded by saying that it is now up to the political representatives from the two governments "to create the conditions that will allow the implementation of the entrepreneurial project, removing the legal risks that might distress the investors."

Bolivia

Joint Chiefs of Staff Head Resigns

PY0510212094 La Paz Television Nacional Network in Spanish 1700 GMT 5 Oct 94

[FBIS Translated Text] General Moises Shiriqui Bejarano, chief of the joint chiefs of staff, yesterday tendered his resignation to President Gonzalo Sanchez de Lozada. Gen. Shiriqui tendered his resignation because his indictment of Navy Commander Julio Molina was invalidated. Molina is being sued for sexual harassment and according to press reports has been forgiven by Defense Minister Raul Tovar and Minister of the Presidency Carlos Sanchez Berzain.

This morning we interviewed Defense Minister Raul Tovar:

[Begin recording] [Tovar] I fully enforce the law. No one respects the law better. I am very strict about this. I fully enforce the law. The state of rights is sacred to me because we live in a democracy and the least we can do is to obey the law.

[First unidentified reporter] Speaking of laws sir, Clause E of the military organization law clearly establishes that whenever an authorized official issues an indictment, the accused military chief is automatically subjected to what is established in Clause E.

[Tovar] Yes, that is right.

[Reporter] This is what happened in the case involving Admiral Molina. Gen. Shiriqui issued the indictment but you have reasserted your confidence in...

[Tovar, interrupting] I am not authorized to make any decisions. Nothing has been submitted for my consideration. Nothing.

[Second unidentified reporter] Does this mean all decisions are made by the Supreme Military Court of Justice?

[Tovar] Yes, of course. The Supreme Military Court of Justice is the highest level. That is its job. You should discuss this matter with General Suarez [not further identified]. [end recording]

New Appointment Made

PY0610101794 La Paz Television Nacional Network in Spanish 0100 GMT 6 Oct 94

[FBIS Translated Text] President Sanchez de Lozada has accepted the resignation of General Moises Shiriqui as head of the Joint Chiefs of Staff. Gen. Shiriqui tendered his resignation yesterday after his indictment of Navy Commander Julio Molina was invalidated. Molina is being prosecuted by the Supreme Military Court of Justice on charges of abuse of authority.

Today, President Sanchez de Lozada decided to replace Shiriqui and appointed Division General Carlos Masias Cralgevic to replace him. The irony in all this is that Gen. Carlos Masias and Gen. Shiriqui are members of the same graduating class and they have always competed for the top-ranking posts.

In his speech, the president stressed the importance of eradicating corruption from the Armed Forces. He expressed regret that Moises Shiriqui had tendered his resignation and thanked him for his cooperation and support on several occasions during his administration.

Legislators Reject U.S. Pressure on Drug Policy

PY0510192694 La Paz HOY in Spanish 24 Sep 94 p 10

[FBIS Translated Text] Legislators of various political parties yesterday rejected any pressure the United States may attempt to exert, even financial pressure, to eradicate Bolivian coca plantations.

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The legislators' decision follows charges by U.S. Ambassador Richard Bower, on 21 September, that the plan to eradicate surplus coca plantations in Chapare has failed.

MBL [Free Bolivia Movement] Deputy Luis Fernandez said: "Our actions cannot be subjected exclusively to the financial will of the U.S. Government because our strategy is based on international aid."

His comment was endorsed by Condepa [Conscience of the Fatherland] Deputy Eduardo Paz, who said the drug enforcement strategy employed in Bolivia has been subjected to the will of the U.S. administration, which now says the interdiction method has not produced good results.

Paz said the time has come for Bolivia to freely draft a proposal to minimize U.S. aid and thus avoid foreign concepts which, on many occasions, erroneously interpret the coca-cocaine problem.

MIR [Leftist Revolutionary Movement] Deputy Hugo Carvajal said: "Bolivia must face the challenge of developing a national drug enforcement policy that is based on our interests, or remain subject to the U.S. viewpoint."

He added: "The challenge is not just to unilaterally acknowledge the mechanisms of pressure regarding the coca-cocaine concept, we must also propose alternatives based on the exercise of national sovereignty."

Fernandez commented that the failure to implement the alternative development plan and to eradicate surplus coca plantations "reveals that planning an antinarcotic struggle requires a diverse approach regarding the coca-cocaine circuit."

Fernandez said: "On one hand is the U.S. plan to eradicate via interdiction as a single objective, and on the other is our incapacity regarding the alternative development." Fernandez said this contradiction jeopardizes development projects.

Daily Assesses Current Relations With U.S.

PY0510175794 Santa Cruz EL MUNDO in Spanish 26 Sep 94 p 5

[Editorial: "Relations with the United States"]

[FBIS Translated Text] The agreement signed by the Bolivian Government and the coca growers, and the recent statements by U.S. Ambassador Richard Bowers regarding surplus coca plantations are nothing more than different interpretations of the agreements signed between Bolivia and the United States.

Bolivia may reintroduce coca diplomacy while, on the other hand, the U.S. Government has reiterated its desire to maintain the essential drug enforcement guidelines because it is not willing to legalize surplus coca plantations. U.S. Ambassador Bowers has said the eradication of illegal coca plantations, rather than the alternative development program, has failed.

The agreement the government signed with coca growers obviously contradicts the spirit of the commitments with the United States. Taking the agreement with the COB [Bolivian Labor Federation] seriously would mean having to review our relationship with the United States. The promised modification of Law No 1008 during the current legislative year, the rationalization of military forces in coca growing areas, and diplomatic negotiations to decriminalize coca are not simple issues based on commitments contracted with the United States and the Vienna conventions.

The current situation prompts the government to increase its efforts to maintain relations with the United States at a high level. We must remember that Bolivia needs U.S. aid in many fields, which in itself thwarts any attempts to begin an international campaign, as promised by the government, to legalize coca.

It is not a question of reviewing our relations with the United States, even though they must be tightened up. In this sense it is useless to direct—as some people want—our diplomatic efforts toward legalizing coca when it is known that the main grounds for our diplomatic relations with the United States, for the time being, will be the struggle against drug trafficking and the eradication of large coca plantations.

It is obvious that we have not taken advantage of the opening of the U.S. market to certain Bolivian products and have been unable to implement a national program to substitute the coca economy. It is hoped the national government will clearly explain how it intends to conduct future relations with the United States now that it is allegedly about to reintroduce "coca diplomacy," while the United States still believes coca, basically, means cocaine.

In sum, the government seems to have overcome a domestic problem—the one proposed by the coca growers—to the detriment of its commitments with the United States. Whatever the outcome, this is a crucial issue for the Bolivian Government on the eve of the arrival of the new U.S. ambassador.

Social Defense Secretary on Antidrug Law, Revision

PY0510195094 La Paz PRESENCIA in Spanish 20 Sep 94 p 7

[FBIS Translated Text] Social Defense Secretary Mario Soliz yesterday stated that the imminent modification of Law No. 1008 cannot overlook the international agreements signed by the country and advocated that a new national debate determine how to amend the antidrug law, a law that has engendered objections.

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Soliz asserted: "It is good to discuss this (the modification of Law No. 1008) in various forums to see what is what. But we must not forget that Law No. 1008, although it is undoubtedly harsh, has helped Bolivia struggle against drug trafficking."

He stated, however, that the Bolivians must be careful, in modifying this law, to avoid making mistakes that may help some drug trafficking activities.

Soliz added: "The revision of this law has been requested by the Bolivian people and we must obviously take into account our international commitments and assess what must be modified. There are different viewpoints and we will have to try to reconcile these different opinions."

Soliz made these statements on the eve of the announced meeting of representatives of international organizations that finance the international struggle against drug trafficking summoned by President Gonzalo Sanchez de Lozada to disclose the conclusions of the national debate on the subject held on 15 and 16 September.

Within this context, the social defense secretary said that this viewpoint is only that of the national institutions, among them the Armed Forces, police, universities, labor unions, and representatives of the Bolivian media.

Soliz disclosed that "the debate continues, now with the international organizations, and later on with the political parties."

He added: "Only once we have heard the opinion of each and every one of these groups will we know whether our strategy is in keeping with what the country wants or whether some adjustments are necessary."

Soliz said that the current strategy has been in force since the administration of former President Victor Paz Estenssoro (MNR) [Nationalist Revolutionary Movement]. "It is based on prevention, alternative development, and interdiction, and up to now it has not proven to be the wrong policy, with certain exceptions."

He said this strategy must continue to be used; all that is necessary is to adjust some mechanisms to perfect it.

Asked about safeguarding national sovereignty regarding the United States, which finances more than 60 percent of the resources to fight drug traffickers, Soliz said it is fully guaranteed.

He added: "By no means does it violate national sovereignty, but we are not prepared to fight drug trafficking alone, without any bilateral or multinational aid, because it is a crime against mankind and a problem that must be solved by the entire international community."

Government, Opposition Reconfirm Governability Pact

PY0510124294 La Paz Television Nacional Network in Spanish 0100 GMT 5 Oct 94

[FBIS Translated Text] UCS [Solidarity Civic Union] legislators have reasserted their support for the governability pact with the MNR [Nationalist Revolutionary Movement], and UCS Leader Max Fernandez will not take part in negotiations. Fernandez does not consider himself excluded from the government coalition, however, or that this incident is tantamount to a party schism.

[Begin recording] [Graciella Orozco] After the uncertainty over the past few days as to whether UCS legislators would reconfirm the governability agreement with the MNR, which was signed in principle in June 1993 and in September 1994, both parties signed an apparently definitive agreement today at 1700.

[UCS Senator Juan Carlos Durand] One. To reassert that the governability pact is still in force.

Two. To expand the members of the UCS permanent committee before the governability pact to 23 members, including the 21 UCS legislators. This committee will comply with the duties specified in the 28 September 1994 pact.

Three. To establish a subcommittee comprised of nine UCS national representatives, one for each department. UCS will look after the regional issues pertaining to the governability pact through the departmental officials.

Four. The UCS subcommittee will be in charge of handling negotiations with the MNR negotiating commission, but whenever necessary the UCS permanent governability committee will meet with the MNR negotiating commission.

[Orozco] This UCS nine-member subcommittee, and not UCS Leader Max Fernandez, will be in charge of negotiating with the government. In view of this, we asked Deputy Guillermo Rosso whether Max Fernandez has been replaced. Very annoyed, and assisted by Senator Juan Carlos Durand, he said:

[Senator Guillermo Rosso] It is up to each individual party to decide its own internal structure. Its leadership remains intact. What do you want us to say...

[Durand, interrupting] Listen to me, please. We are resolving a problem, and are not willing to start another one. I beg you please to have the courtesy...

[Orozco] Max Fernandez believes that this agreement is not tantamount to treason, although this morning he admitted that there are traitors within the UCS. Fernandez justified the UCS legislators' decision by stating:

[Fernandez] I also wanted the UCS congressional bloc to participate in these negotiations. Yesterday I was briefly informed about this, and I wanted them to consider the request of other parties, specifically that made by the MNR.

[Orozco] Fernandez declared himself the guardian of his party, thus accepting not participating in negotiations with the government which, he said, annoyed him.

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[Fernandez] I refuse to get involved in these negotiations, because the only thing I get out of them is to get annoyed.

[Orozco] Regarding the already announced resignation of UCS members holding government posts, Max Fernandez, who said he has not been left out and will continue to be UCS leader, said that they will remain in government. [end recording]

Brazil

Cardoso Leads With 36 Percent of Votes Tallied

PY0610011294 Rio de Janeiro Rede Globo Television in Portuguese 2355 GMT 5 Oct 94

[FBIS Translated Text] The Superior Electoral Court has released the latest national vote count for the presidential election, with 36.5 percent of the ballots counted thus far. The figures are as follows:

Fernando Henrique Cardoso has 54.2 percent of the valid ballots; Luiz Inacio Lula da Silva has 25.5 percent; Eneas Carneiro has 6.8 percent; Orestes Quercia has 5 percent; Esperidiao Amin has 4.6 percent; Leonel Brizola has 3 percent; Carlos Gomes has 0.5 percent; and Hernani Fortuna has 0.3 percent.

Center Parties To Control Senate; Lucena Reelected

PY0610024894 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 5 Oct 94

[Report by Alexandre Garcia]

[FBIS Translated Text] The electoral returns are showing that there will be few changes in the balance of forces in the Senate. Center parties will continue to maintain a comfortable majority in the Senate by controlling more than 60 of the 81 Senate seats.

The Progressive Renewal Party is losing some seats to the Brazilian Social Democracy Party. The Workers Party [PT], the Popular Party, and the Brazilian Labor Party will obtain more seats. The Liberal Front Party, the Brazilian Democratic Movement Party, and the Democratic Labor Party will maintain their seats.

As is known, nothing can be approved in Congress without going through the Senate.

The Liberal Party will win a seat through the victory of Romeu Tuma over former Sao Paulo Mayor Luiza Erundina, the PT candidate.

Senate President Humberto Lucena is winning reelection in Paraiba State, but former Senate President Mauro Benevides lost his seat in Ceara State.

Relying on the weight of their names, former governors Antonio Carlos Magalhaes, Iris Rezende, and Roberto Requiao have obtained Senate seats with a larger number of votes than the gubernatorial candidates who are leading the vote counts in their states. Despite the weight of her name, Marcia Kubitschek is failing to win a Senate seat for the Brasilia Federal District.

Former Arena [National Renewal Alliance] President Francelino Pereira has received the most votes as a Senate candidate in Minas Gerais State, and Vice Governor Arlindo Porto is defeating PT candidate Virgilio Guimaraes de Paula.

In Pernambuco, former Governor Carlos Wilson is ahead of former presidential candidate Roberto Freire.

The National Reconstruction Party, a party that had five seats in the previous Senate, will not have a single seat in the new Senate.

Vote Tally on State Governors, Senators

PY0610010594

[FBIS Editorial Report] Sao Paulo AGENCIA ESTADO in Portuguese at 1900 GMT on 5 October releases a series of bulletins with vote tally figures for candidates for state governors and senators. They are as follows:

ACRE—Scrutinized Votes: 37.5 Percent

Governor:	Orleir Cameli	29,099
	Flaviano Melo	15,961
	Tiao Viana	15,101
Senator:	Marina Silva	23,069
	Nabor Junior	21,787
	Narciso Mendes	19,738

AMAZONAS—Scrutinized Votes: 10.2 Percent

Governor:	Amazonino Mendes	40,235
	Nonato Oliveira	18,756
	Aloysio Nogueira	4,559
Senator:	Bernardo Cabral	28,027
	Jefferson Peres	21,642
	Jose Dutra	19,761

AMAPA—Scrutinized Votes: 30 Percent

Governor:	Capiberibe	15,514
	Jonas Pinheiro	8,132
	Salomao	7,869
Senator:	Bala	13,198
	Gilvam Borges	12,979
	Henrique Almeida	8,749

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ALAGOAS—Scrutinized Votes: 6.4 Percent		
Governor:	Divaldo Suruagy	33,586
	Pedro Vieira	3,577
	Marcos Vieira	3,525
Senator:	Teotonio Vilela	23,825
	Renan Calheiros	17,431
	Antonio Holanda	9,962

BAHIA—Scrutinized Votes: 8.5 Percent		
Governor:	Paulo Souto	118,909
	Joao Durval	64,466
	Jutahy Magalhaes	38,485
Senator:	Antonio C. Magalhaes	145,493
	Waldir Pires	95,534
	Waldeck Ornelas	93,463

CEARA—Scrutinized Votes: 7.6 Percent		
Governor:	Tasso Jereissati	112,345
	Juraci Magalhaes	82,266
	Joaquim Cartaxo	6,201
Senator:	Lucio Alcantara	98,951
	Sergio Machado	70,297
	Mauro Benevides	39,912

ESPIRITO SANTO—Scrutinized Votes: 25.7 Percent		
Governor:	Vitor Buaiz	116,548
	Dejair Camata	72,312
	Rose de Freitas	38,491
Senator:	Gerson Camata	134,677
	Jose Ignacio	117,378
	Helio Gualberto	53,568

GOIAS—Scrutinized Votes: 12.5 Percent		
Governor:	Maguito Vilela	85,111
	Ronaldo Caiado	52,235
	Lucia Vania	51,215
Senator:	Iris Rezende	142,618
	Mauro Miranda	72,000
	Paulo Roberto	70,607

MARANHAO—Scrutinized Votes: 5.5 Percent		
Governor:	Roseana Sarney	30,470
	Epitacio Cafeteira	19,836
	Jackson Lago	15,215
Senator:	Edison Lobao	32,717
	Alexandre Costa	29,547
	Castelo	25,143

MATO GROSSO—Scrutinized Votes: 59 Percent		
Governor:	Dante de Oliveira	259,557
	Osvaldo Sobrinho	95,238
	Ivanildo	13,030
Senator:	Jonas Pinheiro	160,093
	Carlos Bezerra	157,681
	Antero P. Barros	154,351

MATO GROSSO DO SUL—Scrutinized Votes: 85.8 Percent		
Governor:	Wilson Martins	342,953
	Levy Dias	210,707
	Pedro Teruel	64,337
Senator:	Ludio Coelho	340,303
	Ramez Tebet	260,135
	Ary Rigo	231,536

MINAS GERAIS—Scrutinized Votes: 12 Percent		
Governor:	Helio Costa	356,043
	Eduardo Azeredo	187,534
	Jose Alencar	77,423
Senator:	Francelino Pereira	229,890
	Arlindo Porto	184,454
	Virgilio Guimaraes	147,935

PARA—Scrutinized Votes: 3.6 Percent		
Governor:	Almir Gabriel	16,238
	Jarbas Passarinho	15,929
	Valdir Ganzer	6,883
Senator:	Ademir Andrade	18,692
	Jader Barbalho	18,522
	Jose Diogo	9,468

PARAIBA—Scrutinized Votes: 29.6 Percent		
Governor:	Antonio Mariz	166,853
	Lucia Braga	144,397
	Avenzoar Arruda	23,771
Senator:	Ronaldo C. Lima	167,403
	Humberto Lucena	128,172
	Raimundo Lira	112,373

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PARANA		
	Scrutinized Votes:	74.5 Percent
Governor:	Jaime Lerner	1,543,596
	Alvaro Dias	1,106,799
	Jorge M. Samek	118,646
Senator:	Roberto Requiao	1,740,065
	Osmar Dias	1,110,283
	Tony Garcia	658,562

PERNAMBUCO—Scrutinized Votes: 21.6 Percent		
Governor:	Miguel Arraes	273,985
	Gustavo Krause	170,273
	Cid Sampaio	32,117
Senator:	Carlos Wilson	187,342
	Roberto Freire	182,663
	Armando	155,394

PIAUI—Scrutinized Votes: 11.3 Percent		
Governor:	Mao Santa	41,068
	Atila Lira	38,857
	Nazareno Fontelis	13,886
Senator:	Hugo Napoleao	54,138
	Freitas Neto	44,991
	Chagas Rodrigues	34,714

RIO DE JANEIRO—Scrutinized Votes: 6.8 Percent		
Governor:	Marcello Alencar	136,315
	Garotinho	132,947
	Newton Cruz	49,655
Senator:	Benedita da Silva	127,623
	Artur da Tavola	118,981
	Nelson Carneiro	101,391

RIO GRANDE DO NORTE—Scrutinized Votes: 25.1 Percent		
Governor:	Garibaldi Filho	114,441
	Lavoisier Maia	93,515
	Mineiro	8,005
Senator:	Geraldo Melo	107,236
	Jose Agripino	98,962
	Francisco Urbano	77,671

RIO GRANDE DO SUL—Scrutinized Votes: 32.9 Percent		
Governor:	Antonio Britto	671,818
	Olivio Dutra	361,107
	Celso Bernardi	142,905
Senator:	Jose Fogaca	475,520
	Schirmer	347,269
	Emillia Fernandes	305,214

RONDONIA—Scrutinized Votes: 29.9 Percent		
Governor:	Valdir Raupp	51,425
	Chiquilito Erse	33,574
	Jorge Streit	10,163
Senator:	Bianco	41,244
	Amorim	35,025
	Amir Lando	35,022

RORAIMA—Scrutinized Votes: 18.3 Percent		
Governor:	Neudo Campos	7,028
	Getulio Cruz	3,837
	Cesar de Souza Dias	2,333
Senator:	Marluce Pinto	9,243
	Tereza Juca	5,670
	Antonio Brito	4,791

SANTA CATARINA—Scrutinized Votes: 98.5 Percent		
Governor:	Angela Amin	985,560
	Paulo Afonso	726,526
	Jorge Bornhausen	234,866
Senator:	Wilson Kleinubing	901,700
	Casildo Maldaner	671,127
	Luci Choinascki	607,991

SAO PAULO—Scrutinized Votes: 30.6 Percent		
Governor:	Mario Covas	1,965,723
	Francisco Rossi	851,836
	Barros Munhoz	596,246
Senator:	Jose Serra	1,889,472
	Romeu Tuma	1,665,755
	Luiz Erundina	1,053,475

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SERGIPE—Scrutinized Votes: 21.5 Percent		
Governor:	Albano Franco	60,412
	Jackson Barreto	58,251
	Jose Araujo	4,759
Senator:	Pedro Valadares	56,457
	Ze Eduardo	37,449
	Ze Carlos Teixeira	35,901

TOCANTINS—Scrutinized Votes: 18.3 Percent		
Governor:	Siqueira Campos	36,503
	Joao Cruz	25,435
	Neilton Araujo	1,900
Senator:	Leomar	30,454
	Carlos Patrocinio	29,575
	Paulo Sidnei	19,685

DISTRITO FEDERAL—Scrutinized Votes: 14.9 Percent		
Governor:	Valmir Campelo	42,874
	Cristovam Buarque	37,698
	Maria de L. Abadia	21,367
Senator:	Lauro Campos	46,643
	Jose R. Arruda	42,365
	Marcia Kubitschek	30,408

Gubernatorial Vote Tallies Reported

PY0610024494 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 5 Oct 94

[FBIS Translated Text] Some gubernatorial candidates have obtained more than half of the valid ballots cast in their respective states. These candidates have obtained the largest number of votes nationwide.

Receiving the most votes nationwide is gubernatorial candidate Divaldo Suruagy [Brazilian Democratic Movement Party—PMDB] in Alagoas State, who achieved this by obtaining a record number of votes: nearly 80 percent of the valid ballots cast in his state.

Other gubernatorial candidates receiving a large portion of votes in northeastern states are Tasso Jereissati [Brazilian Social Democracy Party—PSDB], who obtained nearly 55 percent of the valid ballots in Ceara State, and Miguel Arraes [Brazilian Socialist Party—PSB], who also obtained 55 percent of the valid ballots in Pernambuco State.

The uncontested gubernatorial candidate in Amazonas State is Amazonino Mendes [Progressive Reneal Party—PPR], who has obtained more than 60 percent of the valid ballots. Wilson Siqueira Campos [Christian Democratic Party—PDC] has obtained 56.5 percent of the valid ballots in Tocantins and Wilson Martins [PMDB] has obtained nearly 54 percent of the votes in Mato Grosso do Sul State.

Journalist Alexandre Garcia will now comment on the power balance among political parties stemming from the outcome of the gubernatorial election:

[Begin Garcia recording] Despite its candidate having done poorly in the presidential election, the PMDB [Brazilian Democratic Movement Party]—the largest Brazilian political party—will continue to have the same number of governors, or perhaps a few more.

The Liberal Front Party is yielding some states to the PSDB, which still has a chance to win the governments of Rio de Janeiro and Sao Paulo. The PPR has gained strength and it may elect between four and five governors. The Workers Party will have to wait for the runoffs to see if this time it will be able to elect a governor. The Democratic Labor Party has already lost in Rio Grande do Sul and Espirito Santo, but it is still contending in Rio de Janeiro and it already won in Parana—where Jaime Lerner was elected governor—and Mato Grosso. [end recording]

Santa Catarina First State To Complete Vote Count

PY0610030294 Sao Paulo AGENCIA ESTADO in Portuguese 0054 GMT 6 Oct 94

[FBIS Translated Text] Florianopolis, 5 Oct (AE)—Santa Catarina has been the first state to complete the vote count. The final result was announced shortly after 2100 tonight by Francisco Xavier Medeiros Vieira, president of the Santa Catarina Regional Electoral Court [TRE]. The Brazilian Democratic Movement Party [PMDB] elected the largest number of federal deputies in Santa Catarina. The Santa Catarina bloc will consist of 16 federal deputies and will be broken down as follows: PMDB, 5; the Progressive Renewal Party [PPR], 4; the Liberal Front Party [PFL], 3; the Workers Party [PT], 2; and the Democratic Labor Party [PDT], 2.

The PPR elected 14 deputies for the Santa Catarina Legislative Assembly; the PMDB elected 10; the PFL, 6; the PT, 5; the PDT, 3; the Brazilian Social Democracy Party, 1; and the Liberal Party, 1. Initially, the TRE was planning to release the final results at 1500, but a temporary suspension in the vote count in Palhoca District delayed the completion of the overall vote count.

'Practically 50 Percent' of Votes To Be Checked by 6 Oct

PY0610021494 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 5 Oct 94

[Interview with Irineu Tamanini, Superior Electoral Court press adviser, by Arlete Sodreira; place not given—live]

[FBIS Translated Excerpt] [passage omitted] [Sodreira] Will more than 50 percent of all the ballots be scrutinized by tomorrow?

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[Tamanini] We will certainly end today's work with more than 40 percent of the ballots scrutinized. Therefore, early tomorrow we will have scrutinized practically 50 percent of the votes cast. Look, one of the figures has been changed and, according to it, we have already scrutinized more than 33.9 percent of the votes. As I have told you, if we had had a second ballot box during the elections, the overall scrutiny would have ended in 48 hours. Currently, however, we will have to stick to the 10-day deadline we noted earlier. [passage omitted]

PT Said To Need 'Internal Reevaluation' After Elections

PY0510224894 Sao Paulo AGENCIA ESTADO in Portuguese 2358 GMT 4 Oct 94

[FBIS Translated Text] Sao Paulo, 4 Oct (AE)—"To rethink the PT [Workers Party]" were the most frequently heard words in the party today after the initial vote tally confirmed the poll results that forecast the triumph of Fernando Henrique Cardoso (PSDB) [Brazilian Social Democracy Party]. The moderate PT leaders, including vice presidential candidate Aloizio Mercadante, clearly stated that the PT needs to come closer to its bases and society. "We can no longer maintain this divorce between the party apparatus and the social class that supports us," said Federal Deputy Jose Genoino. The moderate PT leaders were thus referring, without mentioning it directly, to the orthodox leaders who won the internal PT elections in April 1993 and who adopted a strategy that prevented a broad policy of alliances and more open discussions, which led Lula's candidacy into isolation.

Curiously, the moderate PT members said that one of the main reasons for Lula's defeat was not the Real Plan—which in less than a month bought to an end Lula's 10-month lead in the polls—but to the PT command and to the campaign carried out by the orthodox faction, and its inability to negotiate a more open coalition with political forces other than leftist ones. "It is not the moment to be looking for someone to blame," Lula said today, fearing what has appeared as a ghost looming over the party: an internal struggle, a situation well-known to the PT. "I hope that an internal war will not break out; it is senseless to discuss whose fault it was," said PT Secretary General Gilberto Carvalho, who preferred to stop speaking about the future of the party once the vote tally is over.

Deputy Jose Fortunatti, PT leader in the Federal Congress, said he expects that the moderate group will increase because it will become stronger after the elections. "I believe the weight of the electoral results has somewhat changed the correlation of forces within the party," he said. "Once elected, we will struggle to modify the distribution of internal power." Fortunatti is one of the PT members who believe that the orthodox group "busted" the possibility of making an alliance with the PSDB, which, from his point of view, could have led Lula's candidacy to triumph. Fortunatti, who is considered by his peers to be "the right of the PT," and one of the Sao Paulo candidates who will obtain the most votes, mentioned the need not to begin a "lacerating internal fight," but he said that it is necessary for the party to make an internal reevaluation. "We need a policy of alliances including the PSDB and the PDT [Democratic Labor Party], as well as a democratic center, and an attitude of making proposals rather than criticisms, by presenting alternatives to the country," he said. "I do not see a negative future for the PT, but it must change," he said, as he recalled that he had defended broader alliances in 1993.

Franco Analyzes Achievements of 3-Month-Old Real Plan

PY0510181794 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Oct 94 p 11

["Three Months of the Real" by Brazilian President Itamar Franco]

[FBIS Translated Text] "Nothing was left undone because of the elections; nothing will be done after the elections just because the elections are over."

The real is three months old. Brazilians can confirm the fulfillment of the promise that inflation would drop, and can see how stability has been consolidated. Like a dream come true, we are watching Brazil recover its optimism and nurture positive prospects for the future. Whatever the results of the elections at various levels, the winners will no longer have to mend an economy in crisis; instead, they will have to consolidate stability and expand the benefits that it has brought, especially to the poor, who live on their salaries.

Inflation has dropped from a rate higher than 45 percent a month in June to approximately 1.5 percent a month in September. The exchange rate has remained relatively stable, despite the valuation of the real, something that reflects confidence in the Brazilian economy. Utility rates remained unchanged. In their everyday lives Brazilians have clearly recognized stability. Consumption levels grew, yet prices have remained stable. Some prices have even dropped, as has occurred with the basic basket products of the Dieese/Procon-SP [Interunion Department for Statistics and Socioeconomic Studies/Office for the Defense and Protection of Consumers-Sao Paulo], whose prices have dropped by 8.81 percent since 1 July. There was neither a shortage, nor unemployment, nor pressure that could not be addressed through negotiations or dialogue. The liberalization of the Brazilian economy has increased the supply of imported products, and the challenge to competitiveness resulted in benefits for consumers. People are more keenly aware of the purchasing power of money, of the relativity of prices, and of the advantage of knowing and comparing prices. The Real Plan has been good for people and for the economy. Proof of this is that according to the polls, approximately 80 percent of the public approve of the plan.

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One can feel a new climate in the air. Brazilians have regained their self-confidence and hope in their country. Their expectations are founded on concrete economic indicators rather than on wishful political statements or electoral promises. On the contrary, stability has contributed to enhancing political dialogue and has become a fundamental reference point in the runup to the election of a new president of the Republic, state governors, two-thirds of the Senate, the entire Chamber of Deputies, and state legislatures.

The results that we have obtained over these three months, together with some previous achievements, like the rescheduling of Brazil's external debt and the difficult task of balancing the budget, have changed Brazil's negative record in international economic and financial circles and in the minds of Brazilians themselves. This change is all the more significant because it was achieved principally thanks to the efforts the country made despite the reigning atmosphere of skepticism, if not disbelief, concerning the government's initiative in economic matters. Many foreign governments and international organizations, as well as a considerable number of Brazilian companies, associations, and political parties, were at the beginning quite skeptical. Possibly influenced by the great number of previous stabilization programs that had failed in their objectives, or had even worsened the country's economic situation, they remained as spectators on the sidelines or criticized our program.

It is understandable that this should have been so. After all, the stabilization program was conceived and implemented when only 18 months had elapsed since this administration took office. Until then our efforts had been geared to consolidating Brazil's democratic stability, recovering ethical values in the administration of the state, and assuring the full operation of political and legal institutions following the traumatic experience of a presidential impeachment. I am proud of the fact that besides having ensured a peaceful political transition that will conclude in the 3 October elections, my administration took a decisive step in the economic sphere by recovering the spirit of initiative of the Brazilian Government, and by effecting major changes in the Brazilian economy both at the domestic level and in the foreign sector.

These three months under the real have taught us many lessons, which the country will be able to put into practice in the near future. I am just going to point out the ones that I deem most noteworthy. First, the value of stability, the appeal it has for the people, for the most humble, those who cannot hedge themselves against inflation. It has been proven that the fight against inflation is not an unpopular cause nor an aspiration of the elite. Second, the value of boldness, of great daring, of initiative. We decided to stabilize the economy when many thought that the only thing that could be done was to wait for the elections and the handing over of power to the new government. The Brazilian people shun apathy and defeatism; they easily respond to those who have proposals for action, and the Real Plan was a concrete proposal and an achievement.

In view of all this, and in light of what these three months under the real have taught us about the value of stability and its popularity among the people, it is only proper to reassert that the plan is working all right, and that we are not contemplating any changes to its structure, basic elements, or general guidelines. We will nonetheless continue to enhance it and make the necessary adjustments, in the same way we have been doing, namely with the openness and spirit of dialogue that has informed our actions since the inception of this plan.

Finance Ministry Evaluates Real Plan's Initial Performance

PY0510172394 Sao Paulo AGENCIA ESTADO in Portuguese 2021 GMT 4 Oct 94

[FBIS Translated Text] Sao Paulo, 4 Oct (AE)—According to a Finance Ministry report on the first three months of the Real Plan, Brazilian exports continued to grow in September, when exporters collected advanced payments worth $3.2 billion. Between July and September, accumulated contracts reached $9.4 billion. This figure is very close to the total export operations registered in the same period of 1993, which were worth $9.7 billion. According to Finance Ministry experts, this shows that there is "a lot of crying" on the part of the export sector, and little sense of reality in the exchange policy.

Imports have also grown. By 29 September the Central Bank had registered import exchange operations worth $2.3 billion in September and worth $6.5 billion between July and September, while import operations reached $5.6 billion in the same three-month period in 1993.

In the financial sector, according to the Finance Ministry, foreign currency purchases through 29 September reached $3.2 billion, and $8.6 billion between July and September. Foreign currency sales through 29 September reached $4.6 billion, and $11.2 billion between July and September. According to a Central Bank report, Brazilian international cash reserves stood at $40.2 billion in August. Measured by International Monetary Fund liquidity standards, reserves stood at $43 billion.

Treasury Surplus

The report showed that the National Treasury registered a 500 million reals [R] surplus in September. The accumulated surplus between July and September stands at R1.1 billion. The National Treasury's performance has permitted net payments on the federal domestic debt. So far Treasury bonds worth R2.4 billion have been cashed in.

The Finance Ministry states that the increasing fiscal revenues are backing the performance of public accounts. Based on the latest estimates of the Federal

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Revenue Secretariat, revenues coming from taxes and contributions should reach a record R5.5 billion, or could even reach R5.6 billion. Between July and September, accumulated revenues were at approximately R15.7 billion.

Fulfilled Duty

The report says that "the use of the real as financial unit, reserve unit, and domestic currency has been consolidated. We can say that we have succeeded in the first part of the third phase of the stabilization program. The Brazilian economy is safely heading for a period of low inflation that will guarantee years of economic growth and prosperity for all." The report adds that the inflation rate of September, which neared 1.5 percent, confirmed that the plan was following the appropriate orientation, as the reduction in the inflation rate will be guaranteed not through a price freeze or through the breaking of contracts, but through a consistent program that will attack inflationary inertia.

Inflation

On analyzing the inflation rate, the Finance Ministry emphasized that on the days before implementation of the real, at the end of June, prices were strongly increased because of "abuse by agents who were wrongly expecting shock measures like a freeze." The Finance Ministry added that as of 1 July, prices have significantly dropped because of the wholesale implemented by the same agents. Wholesale prices, however, were reflected by indexes only as of August. In some cases, as with the IPC-r [Consumer Price Index-real], the price drop could be reflected only in September.

The report explains that "in addition to the abusive increases implemented at the end of June, the inflation rate for July and August was also influenced by the adjustment of rentals and by the increase in the prices of some crops caused by the frost in July. (no closing quotation marks as received]

Finance Minister Views Price Hike, End of Oil Strike

PY0610101394 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 5 Oct 94

[Report by Rosalina Couto from Juiz de Fora, Minas Gerais State]

[FBIS Translated Text] The cost of the basic foodstuff basket products has increased 0.58 percent in Sao Paulo. The cumulative increase in October thus totals 2.07 percent. According to the Office for the Defense and Protection of Consumers and the Interunion Department for Statistics and Socioeconomic Studies, which daily study prices in the city, the Sao Paulo basic foodstuff basket now costs 101.24 reals, because the prices of 24 products were readjusted since today. Finance Minister Ciro Gomes threatens to reduce import taxes on the products whose prices have been increased.

Today, in Juiz de Fora, Minister Gomes, together with President Itamar Franco, negotiated the end of the oil workers' strike.

On 7 October, Finance Ministry special adviser Jose Milton Dallari will meet the main beans wholesalers in the southeastern region. He will attempt to deregulate stocks and reduce prices. Minister Ciro Gomes also said that if no agreement is reached, he will reduce to zero import taxes levied on the products whose prices have been readjusted.

[Begin Gomes recording] The Real Plan complies with the laws. There will be no scares, price lists, frozen prices, confiscation, or any other such thing. More severe measures, however, will be gradually adopted. These measures begin with dialogue, which is coordinated by Milton Dallari, and can be followed by reduction in import taxes to create competitiveness, by the possibility of levying export taxes on products whose prices have been increased because they were meant to be sold abroad, by implementation of the public credit policy, and finally by the antitrust law, which hopefully we will not have to resort to. This law contemplates imprisonment for those who abuse the price increase system. [end recording]

Minister Gomes also said that the agreement reached with the oil workers represented a victory for the government, the courts, and the labor unions.

National Monetary Council Approves New Foreign Exchange Rules

94SM0476B Sao Paulo GAZETA MERCANTIL in Portuguese 1 Sep 94 pp 1, 16

[Article by Claudia Safatle: "CMN Approves New Foreign Exchange Rules"]

[FBIS Translated Text] Brasilia—The National Monetary Council (CMN) met yesterday and approved a number of measures taking us further along the path toward deregulating foreign exchange, but their effect on the demand for foreign currency in the domestic market will probably be moderate. "The measures in the foreign exchange area were not adopted to deal with a specific situation or to produce immediate results. They are part of a process," the president of the Central Bank, Pedro Malan, explained after the council meeting, which also included a review of the first two months of the Real Plan.

In the foreign exchange area, these decisions were reached by the CMN:

1. Future settlement: Resolution No. 2,104 provides that foreign currency purchasing or buying operations can be entered into for future settlement. This is currently

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possible only in connection with foreign trade operations, whereas remittances for financial operations have had to be settled within 48 hours. This authorization by the council opens up opportunities for foreign exchange hedging, and it remains for the BC [Central Bank] to determine the maximum terms for those operations.

2. Early settlement: Resolution No. 2,105 of the Central Bank permits foreign debts to be settled early by contracting for an amount of foreign exchange equivalent to no more than the debit balance recorded with FIRCE [expansion not known].

According to Gustavo Franco, the Central Bank's International Area director, this measure involves a potential demand equivalent to the $22.5 billion owed on the foreign market by the private sector. "If the debtors believe that it is advantageous to pay their debts early with foreign exchange even though domestic interest rates are attractive, this measure may make the foreign exchange rate more stable."

3. Floating rates: Circular No. 2,472, which was also published by the BC yesterday following a decision by the CMN, increases the limit on Brazilian investments abroad from $1 million to $5 million for nonfinancial legal entities. The term of such operations must not be less than 12 months.

4. Real property: Authorization has also been given for legal entities to acquire real property abroad without prior consent by the BC. Until now, that permission has been given only to individuals, while legal entities have been allowed to buy real property abroad only through subsidiaries headquartered outside Brazil.

5. Permits: The CMN has abolished the requirement that import permits be obtained for the purchase of foreign exchange, a requirement dating back to 1968.

6. Financing: A circular letter from the BC makes it possible, in the case of import contracts with terms of over 360 days, to pay a major portion of the amount owed in cash. Until now, cash payment has been limited to a maximum of 20 percent of the value of the import. This new flexibility enables the importer to negotiate lower interest rates, for example.

In addition to the above measures affecting foreign exchange, the CMN yesterday approved new regulations for Proagro (Agriculture and Livestock Activity Support Program). The BC's resolution defines "generalized adverse weather" conditions and limits coverage to the loss of 50 percent of all projects in the same municipality.

In the opinion of Minister of Finance Rubens Ricupero, the results of the first 60 days of the Real Plan have been positive. Tax collections were up in August to 5.2 billion reals. According to BC figures, the issue of currency totaled 7.76 billion reals as of 29 August, meaning that the goal established for September (7.5 billion reals) was exceeded in August, but that is not a matter of concern, according to the minister of finance.

"The plan is continuing to defeat the most pessimistic forecasts. It is not recessive—quite the contrary—and what we have had is an increase in demand. There have been no wage losses, and exports have not dropped because of the exchange rate," Ricupero pointed out. "The joy of those celebrating a jump of 5.46 percent in the IPC-R [Restricted Consumer Price Index] is not going to last long," the minister added in a reference to the Workers Party (PT).

According to data presented by Ricupero yesterday, August contracts for foreign exchange covering exports totaled $3 billion through the 29th, and that is more than the $2.752 billion recorded in July. Foreign exchange contracts covering imports also rose in August to $2.153 billion, compared to $1.878 billion the month before.

There was a deficit in the financial area. Financial purchases totaled $2.879 billion, while sales totaled $3.361 billion. The overall balance was still positive, however, at $371 million as of 29 August. In the capital market, income of $2.105 billion exceeded an outgo of $1.875 billion. Loans in currency showed a positive balance of $18 million, with income of $298 million and amortization payments of $280 million.

According to Malan, two other matters submitted to the National Monetary Council yesterday were postponed. One concerns the setting up of funds to allow investors resident in Brazil to purchase Brazilian foreign debt securities negotiated in markets abroad. "This matter is still the object of studies. There are legal aspects that still need to be clarified," according to the summary of the CMN's decisions that was distributed to the press yesterday.

The second matter has to do with regulations governing investment of the technical reserves in pension funds. "This is a complex matter," said Malan.

The complete text of the foreign exchange amendments announced by the BC is given below:

Resolution No. 2,104

"This resolution provides that operations for the purchase and sale of foreign currency may be undertaken for immediate or future settlement.

"The Central Bank of Brazil, acting under the authority of Article 9 of Law No. 4,595 dated 31 December 1964, announces that at its meeting on 31 August 1994, the National Monetary Council, considering the provisions of Article 4, Paragraphs V and XXXI of the said law,

"Resolves:

"Article 1: To provide that operations for the purchase and sale of foreign currencies may be undertaken for immediate or future settlement.

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"Article 2: To authorize the Central Bank of Brazil to establish the regulations necessary for carrying out the provisions of this resolution, including the nature and maximum term of operations undertaken for future settlement.

"Article 3: This resolution takes effect on the date of its publication.

"Article 4: Resolutions No. 35 dated 17 September 1966, No. 82 dated 3 January 1968, No. 120 dated 25 July 1969, and No. 151 dated 18 August 1970 are revoked.

"Brasilia, 31 August 1994.

"Pedro Sampaio Malan, "President."

Early Settlement of Loans: Resolution No. 2,105

"This resolution allows the early settlement of foreign loans in currency and financing for imports.

"The Central Bank of Brazil, acting under the authority of Article 9 of Law No. 4,595 dated 31 December 1964, announces that at its meeting on 31 August 1994, the National Monetary Council, considering the provisions of Article 4, Paragraphs V and XXXI, and Article 57 of the said law,

"Resolves:

"To allow the early settlement of foreign loans in currency and financing for imports that are recorded with the Central Bank of Brazil before the date of publication of this resolution, regardless of whether the minimum period that funds are required to remain in this country has expired, provided that the contractual terms of each operation have been met.

"Single paragraph: The settlement referred to in this article must be limited to the debit balance recorded on the respective certificate of registration.

"Article 2: Charges will be due only through the date of early settlement, they must be prorated, and they must be paid at the same time as the principal.

"Article 3: Operations which are exempt from or subject to a reduced rate of income tax on interest payments, commissions, and expenses and which lose that benefit by virtue of being settled in advance of the minimum time required for eligibility are subject, at the time of settlement, to verification that income tax on remittances made previously has been paid.

"Article 4: The Central Bank of Brazil is authorized to establish additional regulations and to adopt the measures it considers necessary for carrying out the provisions of this article and may, provided that the priorities of the foreign exchange policy are observed and the pertinent regulations complied with, impose restrictions on the use of this mechanism.

"Article 5: This resolution takes effect on the date of its publication.

"Brasilia, 31 August 1994,

"Pedro Sampaio Malan, "President."

Circular No. 2,478

"Floating Rate Exchange Market.

"Update No. 35.

"At a meeting held on 30 August 1994, the board of directors of the Central Bank of Brazil, acting on the basis of Item II of Resolution No. 1,552 dated 22 December 1988 and Article 2 of Resolution No. 1,925 dated 5 May 1992, both of which are resolutions adopted by the National Monetary Council,

"Decided:

"To amend the regulations governing the floating rate exchange market in order to:

"I. Increase the limit relative to Brazilian investment abroad by nonfinancial legal entities.

"II. Allow the acquisition of real estate abroad by legal entities headquartered in Brazil.

"Article 2: As a consequence, annexed hereto are the sheets necessary for updating the above-mentioned regulations (Chapter 2 of the Consolidated Exchange Rules (CNC)).

"Article 3: This circular takes effect on the date of its publication.

"Brasilia, 31 August 1994.

"Gustavo H.B. Franco, Director of International Affairs."

Amorim Views Policy Objectives in Pacific Basin

94SM0478A Rio de Janeiro O GLOBO in Portuguese 10 Sep 94 p 6

[Article by Brazilian Foreign Minister Celso L.N. Amorim]

[FBISA Translated Text] The great Pacific Basin is now politically and economically the most dynamic geographic region on the planet. With countries whose economies are as diversified as is the ethnic and cultural composition of their people, it is there that one finds the highest growth rates, while at the same time we witness one of the most intense diplomatic drives to build strategic and commercial associations.

By means of modern and inventive coalitions, Asia and Oceania are seeking, as we near the end of the century, to replace a former theater of ideological confrontation with a scenario of peace and cooperation aimed at the social and economic development of its peoples.

Brazilian foreign policy, attentive to the changes taking place in international relations, has sought to reinforce old ties and create new points of contact and cooperation

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with the countries of that vast area—always motivated by our natural universalist vocation and our status as a trading partner of worldwide standing. A few days ago in Brasilia, I welcomed Minister Yohei Kono, of Japan, the first Japanese foreign minister to visit Brazil in nine years. On that occasion, our traditional ties of friendship and cooperation were reaffirmed. In addition to a message of confidence in Brazil that was conveyed directly to the President of the Republic, the Japanese statesman emphasized an interest in maintaining a system of political consultations with our country that will enhance the roles both play in the building of a new world order. More trade, more flows of investment and technology, backed by greater flexibility in obtaining credit, are likely to follow in the wake of Foreign Minister Kono's visit.

Brazil's move toward closer relations with Asia and Oceania has been a diplomatic engineering project that gained special vigor during the Itamar Franco administration. In addition to a trade that now accounts for 16 percent of our overall trade and demonstrates great vitality, we have sought to form new partnerships with the countries of the area that will strengthen cooperation and produce concrete actions in the form of joint government operations and business ventures. Our strategic partnership with China, whose horizons are constantly being widened, is exemplary in this regard.

With a view to pursuing that line of action even further, in late August I traveled to Australia and New Zealand. This was the first visit to those countries by a Brazilian foreign minister. There I found two strong, diversified economies whose socio-economic indicators are typical of the First World and that play important roles in Asia-Pacific Economic Cooperation (Apec), an association whose members include giants like Japan, China, the United States, Canada, and others of growing international influence, like South Korea, Indonesia, Singapore, Malaysia, and the Philippines. In my conversations with their respective heads of government, foreign ministers, legislators, and other officials, I found a keen interest in Brazil and Latin America, especially in the Mercosur [Common Market of the South]. So I was able to begin a dialogue that may bring into the bilateral sphere the close cooperation we maintain in multilateral fora on issues such as human rights, disarmament, the environment, and others. We had also already been developing an effective collaboration on the Treaty of Antarctica, and in the cause of freer trade in agricultural products through the Cairns Group in the Uruguay Round of the GATT.

The first steps have been taken toward negotiations in air transport, telecommunications, double taxation, and investments—as well as toward more intense exchanges in science and technology. Also well worth mentioning is the proposal for the formation of Joint Business Councils, an idea that emerged following the economic seminar in which I participated, at the Chamber of Commerce of Sydney. The event was attended by 70 Brazilian and Australian businessmen representing a wide variety of fields, from construction to software. Incidentally, important economic cooperation projects already exist. For example, the Australian firm BHP has expressed interest in participating in building the Bolivia-Brazil gas pipeline, and New Zealand is investing in dairy products, paper, and cellulose.

Another aspect of Brazil's increased presence in the Pacific region is the possibility for dialogue among the respective regional groups. My colleagues from Australia and New Zealand were most receptive to the idea of closer relations between Mercosur and Apec—or, even more immediately—between Mercosur and Closer Economic Relations (CER), a free trade zone comprised of those two countries. Such an approximation is important to ensure that regional integration efforts are not pursued to the detriment of the larger plan for global liberalization that is fundamental for a country of such a diversified commercial structure as Brazil.

In practice, a reciprocal opening between Mercosur and the economic groups of Asia and the Pacific would benefit Brazilian exports, especially in light of the prospects that lie ahead should Chile and Bolivia decide to join or associate with Mercosur. Furthermore, we should remember that these potential opportunities for cooperation—some of them already taking shape—will add to other plans laid out with countries of Asia and the Pacific and that I personally was able to advance during the trips I made to India, Thailand, and China in March, or that were the subject of trade missions organized by Itamaraty to Malaysia, Singapore, and Vietnam.

The political significance of this economic architecture also made itself felt in the consultations I held in Canberra and Wellington with respect to major topics of current international interest. Among these, there was broad consensus on the need for a reform of the United Nations. This points to the urgent task of leaving as legacy for the 21st century a better balanced structure that is more representative of the values, needs, and expectations of today's world. I perceived, in the two countries I visited, a recognition that because of its progressive presence in international politics and firm commitment to the ideals of peace and cooperation, in addition to the diversified weight of its economic relations, Brazil will have growing responsibilities in shaping the new international order.

Thus the contacts with Australian and New Zealand officials constituted important steps toward the expansion of our political and economic frontiers in a vigorous and prosperous geopolitical space. It would not be amiss to recall that, were it not for the distortions in the maps constructed from projections centered on the Old World, we could easily discern that not only are Brazil and Australia the largest land masses in the southern hemisphere, but they are much closer to each other than would appear at first glance.

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Chile

Government Stance Before Americas Summit Outlined

PY0510210294 Santiago EL MERCURIO in Spanish 21 Sep 94 p C5

[FBIS Translated Text] Chile hopes the upcoming Summit of the Americas will be a useful and efficient way to attain shared prosperity within the framework of sustainable development, and that it will help to coordinate initiatives for joint solutions to the continent's main problem: extreme poverty.

The government also hopes the hemispheric meeting will help reach a consensus on subjects related to democracy, free trade and integration, and the eradication of extreme poverty, and that it will help design a plan of action to allow for true progress.

This was stated by Fabio Vio, acting foreign minister and foreign policy director general. He thus informed EL MERCURIO about the meeting in Washington today of representatives of the 14 Rio Group member countries with U.S. representatives organizing the summit.

The meeting will allow Latin American and Caribbean delegates to exchange viewpoints regarding the contents of the summit agenda and, if possible, reach agreement regarding the subjects to be discussed and the order of precedence.

Rio Group representatives met yesterday in Washington to select the common stance they will present to the U.S. Government today.

Juan Martabit, the Foreign Ministry American affairs director, traveled to Washington on behalf of the Chilean Government. Vio was going to go initially, but was asked to stay as acting foreign minister until designated Minister Mariano Fernandez returns to Chile. Fernandez will continue, at least until the end of next month, as Chilean ambassador to Italy.

Vio commented: "President Eduardo Frei and the Foreign Ministry hope this summit will not be mere rhetoric but that it will yield concrete results. Therefore, we deem it necessary to draft a plan of action that envisages a follow up."

Vio said the Chilean stance at the summit was outlined by President Frei during the Eighth Rio Group Summit in Brazil.

He recalled that the chief of State said Chile agrees with the three great areas in which the main subjects to be discussed have been divided: the strengthening of democracy as a guiding principle for American societies; the expedition of trade and investments in the hemisphere in an attempt to effectively integrate; and the search for shared prosperity within the framework of sustainable development.

Vio said the Chilean proposal states that countries of the hemisphere must strengthen the democratic processes.

He said Chile believes in the regional defense of democracy—among other things—through support for initiatives to protect or strengthen the democratic process, especially through the Rio Group.

Promoting and safeguarding human rights, the strengthening of the international system, governability, the modernization of the state, and the enhancement of ethics and honesty in public administrations are among the subjects the government believes should be emphasized.

As for public probity, the United States has asked Chile to make a proposal in this regard. Vio said that, while in Rio de Janeiro, Frei said our government is promoting ethical values in the public administration in order to safeguard an efficient and clear democratic system.

Just as Chile upholds economic freedom, Vio said free trade, integration, and development, must also enjoy equity and cooperation.

Vio said: "The Summit of the Americas must result in a consensus on democratic values and support for free market rules in the region, and the establishment of stable and permanent mechanisms for the development of economic and commercial relations."

He added that Chile is very interested in consolidating the concept of open regionalism. "We want our region to become a united protagonist in all important world economic and political processes, but this regional integration must not be understood as a means to close or protect markets or limit investments; rather as a means to compete under better conditions in a increasingly globalized world economy."

Support for regional integration processes, the integration of private sectors, and an equal relationship with developed countries are among the other points of the Chilean economic proposal.

Just as he established domestic goals in this field, Frei asked his Rio Group counterparts to work jointly to overcome poverty.

Vio stated that the president emphasized the urgency of renewing efforts to improve the health, education, and job opportunities for people of the region.

Frei on Role of DC, Political Development

94SM0467C Santiago LA NACION in Spanish 28 Aug 94 p 5

[Article by Matilde Oliva]

[FBIS Translated Text] The message President Eduardo Frei communicated in the course of his address to the national council of the Christian Democracy (DC) movement yesterday defined the role of the government bodies and stressed the need to maintain the present

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government alliance. He said that safeguarding the Concertation is "strictly speaking, the main task we can undertake today in terms of political responsibility and service to the country." On the subject of the internal discussions, the chief executive maintained that the country "is repelled by the [illegible]zation that apparently reasonable criticisms conceal a personal protagonism that acknowledges no limits."

Although the apparent focus of his address was the PDC [Christian Democratic Party] and the new era, Frei set forth criteria that were not limited to the leading political party in the country. They were addressed to all of the government forces on the threshold of a phase in which the requirements of the transition no longer have the influence they previously did as factors in unity and discipline.

The president of the Republic recalled that during his father's term as president, the PDC "failed to articulate a clear and practical concept of its role as a governing party." He said that during the second term of the Christian democrats in government, with President Aylwin, the priorities of the return to democracy were paramount, and this made the need for support and loyalty more visible. "The situation now is different. The government has a mandate of six years, and the space provided by political democracy can be used freely and without a sense of fear," he added.

Frei urged the development of a style of party government "that will not be a paralyzing straitjacket, but will provide an opportunity to move into a new phase of political creativity and development." He noted that he did not make these comments based on an approach that is "utilitarian, strictly from the viewpoint of a government leader trying to arrange circumstances for himself, without considering the present and the future of the PDC itself." Rather, he said, it is his conviction that "the fate of this and the other parties in the Concertation is closely linked with the fate of my government."

Danger of Reversal

He said that he is concerned about the questioning of the role of the parties as intermediaries between the citizens and the state, "fed by the false idea that the development of a people is guaranteed solely by economic and social growth and distribution." Frei maintained that there is such a thing as "democratic political development," and that although Chile has profound libertarian roots, "we may experience reversals."

"In the final analysis, political life may improve or deteriorate, human rights can never be guaranteed forever, and the perfecting of the institutions is a task that demands wisdom and historical clarity," he stated categorically.

Concerning the Concertation, President Frei maintained that it is a strong and viable alliance, and the only one that can guarantee a dynamic characterized by development combined with modernization, equity, growth in democracy, and economic progress. "For this reason," he said, "protecting the Concertation is not just a desirable tactical plan, but is, strictly speaking, the main task we can undertake today in terms of political responsibility and service to the country."

Within this same context, Frei spoke about democratic discipline. He said that does not exclude criticisms formulated in accordance with the requirements as to the "proper channels and the indispensable courtesy." He then went on to say that the country "wants to believe" in its politicians, and it is therefore repelled "by the realization that apparently reasonable criticisms conceal a personal protagonism that acknowledges no limits."

Although the president made no personal references, Jorge Schaulsohn of the PPD [Party for Democracy], a polemic figure, inevitably came to mind.

Results of Communist Party Congress Analyzed

94SM0467A Santiago QUE PASA in Spanish 20 Aug 94 p 18

[FBIS Translated Text] Just like the plot of a bad suspense film, the Sixteenth Congress of the PC [Communist Party] held no surprises either for the audience or for the protagonists. For at least a month prior to the event, which was held in the halls of the old national congress building between 13 and 15 August, the candidates in the faction dissenting from the official line imposed by Gladys Marin knew that winning leadership posts would be virtually impossible for them. And so it proved to be.

Jorge Insunza, the only opposition leader of importance who survived the tidal wave of "Marinism," was dubbed "the little Harvard darling" by his comrades. The source of the nickname was the fact that his election was "allowed" by the majority group solely in order to show that the party is pluralistic. "Jorge feels this keenly, and playing this role pains him greatly," one of those close to him has admitted.

However, Insunza is following his new script closely without any obvious problems. "Each, with his own characteristics, makes a contribution to a synthesis that enables us to work together, and once a position has been established, it is our obligation to adopt it and to carry it forward, even if it does not, strictly speaking, represent our personal view." And his own party colleagues are saying that he has not taken steps at the congress as they had expected he would to deal forcefully with the Marin faction. "His conduct has been poor, from the point of view of previous expectations," they complain.

For Gladys Marin, who was appointed secretary general to replace Volodia Teitelboim, although she was already serving in that post informally, all that was needed was control, with an iron hand, of a third of the 400 delegates to the congress. Thanks to the voting method used in

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electing the new Central Committee, the most important collegiate body of the PC, she not only succeeded in ousting her enemies, but also told the leaders of her faction that strong opposition in the regional congresses had been dealt with.

By this means, she brought the career of Jorge Insunza's younger brother, Jaime, who is the director of the party studies center and the leading public sponsor of communist self-criticism, to a halt. She also put leaders who had been challenged by their base memberships, such as Guillermo Scherping and Lautaro Carmona, on the Political Commission, which is a kind of Central Committee secretariat.

Carmona, who is regarded as the brand-new secretary general's dauphin, took the opportunity to sound out his chance of reaching the highest post in the future. If indeed these future prospects were not at all clear (his speeches were seen as weak), Carmona did successfully carry out the principal task entrusted to him. List in hand, his detractors insist, he organized the votes cast by the one-third of those present under the control of the Marin faction. Because of the mechanics of the election—the inclusion of 70 of the 100 candidates on the ballot—his main concern was not saying for whom they should vote, but whose names should be omitted.

Despite the clear defeat, spirits did not flag in the opposition ranks. Among the members of the Insunza faction, it was repeatedly argued that Gladys Marin had obtained the unconditional support of only a third of the delegates, despite the iron control imposed by the party apparatus. And the worrisome thing for her, her opponents say, is that "she went to the congress thinking that she controlled more than half of the delegates."

"There is paranoid thinking in this party. Faced with criticism, the reaction is to say that it represents an anticommunist conspiracy. And EL SIGLO undertakes the task of expanding on this argument," a PC leader says. But now that the delegates throughout the country have heard the Insunza supporters in person, without "filtering" by the party leadership, the sphere of action of the Marin faction has shrunk. For example, the Insunza supporters voiced the need for the party to expand its alliances in the direction of the Concertation on some current issues, and they said that the government cannot be characterized as a mere continuation of the military regime. And indications of the solidarity won by the two brothers multiplied after the congress. "Even people who oppose Jaime told him that excluding him was an unnecessary show of authority," a leader from Santiago says.

Moreover, a good proportion of the ideas put forth by the Insunza faction was incorporated in the conclusions of the congress. This was true in particular of the acknowledgment that the real situation in the country has changed in a direction opposite to the hopes of the party, which must rework its policy in order to become a political interlocutor in the "first rank" again. However, when it came to defining how this policy, called the Democratic Revolution, should be implemented in concrete terms, the hegemony of the Marin faction overvalued certain aspects, such as the crises in Arica, Lota, and Placilla. As a result, it concluded that a "social explosion" is brewing in the country, and that the change in direction the PC should make should not be as broad as the Insunza supporters believe it should be.

'Slow' Implementation of Indigenous Law Noted

94SM0467B Santiago EL MERCURIO in Spanish 5 Sep 94 p C2

[FBIS Translated Text] Valparaiso—The process of implementing the Indigenous Law, which will soon have been in effect for one year, has been slow. The benefits provided the indigenous peoples thus far have been few, due to the inadequacy of the human and material resources allocated for the purpose.

The National Indigenous Development Corporation, a public agency created by this law, has been established and is functioning, but it is providing very limited services. To date it has only provided legal assistance and drafted the proposals for a meeting to be held on development plans. The resources provided, moreover, are described as being like "a drop of water in the desert."

This information was provided by DC [Christian Democracy] Deputy Francisco Huenchumilla, president of the Chamber of Deputies Special Commission for Study of the Indigenous Law. He expressed his concern about the way in which this law has functioned and the reasons for the excessive number of pending matters, including everything having to do with the development and protection of the Indians' patrimony and culture. Because of this, the required resources must be allocated.

This is a law for which the needed funds are lacking, according to this parliamentarian, who expressed confidence that adequate resources will be allocated in the next budget law.

He emphasized that the Indigenous Law generated high hopes and great expectations among the Indian peoples. "I believe that the people continue to hope and to have hope, but a deadline was established by which the law was to begin to bear fruit. This period was not to exceed one year. If the law does not become 100-percent operational and is not achieving its goals, there will be protests and demonstrations of frustration among the Indians."

The Indigenous Law was designed to benefit and provide development for about one million Indian citizens of Chile (about 600,000 Mapuches, 35,000 Aymaras, 10,000 Atacamenos, 3,000 Rapa Nui, or Easter Islanders, 15,000 Kawaskhars, and 10,000 Yamagas or Yahgans).

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An Excellent Tool

In the opinion of Deputy Huenchumilla, the Indigenous Law is an "excellent tool" for promoting the development of the indigenous peoples, and it is necessary to wait until it is fully operational. "To date, its implementation has proceeded very slowly, because the establishment of a new state body and getting it operational are inherently slow processes."

In addition to the Indigenous Development Corporation (CONADI), a public body with headquarters in Temuco, the law also established and allocated resources for the Fund for the Expansion of Indian Lands and Water Rights and the Development Fund.

The law is also concerned with bilingual intercultural education and the protection of the patrimony, culture, customs, usages, and traditions of the indigenous peoples, and it provides for prison sentences for those who discriminate against Indians because of their culture or their origin.

Deputy Huenchumilla said that resources have been provided for the Indian Land and Water Fund in the amount of 1.9 billion pesos, and a part of this sum has been allocated for the resolution of historic conflicts. However, he added that the most important and substantive aspect of the law is the allocation of resources to the Land and Water Fund for the purpose of providing subsidies to the Indians for the purchase of land. This portion of the law has not become operational, "and I have been told that it is a very complex matter to achieve this because of the requirements established as to which lands can be bought. As a result, no call for bids has been issued in connection with the subsidy, and as a result there has been a delay in this respect, on what is supposed to be the central focus of the law—the expansion of Indian lands."

The deputy expressed confidence that more substantial resources will be allocated for the purchase of land in the next budget law.

The other fund established by the law is the Indigenous Development Fund, to which resources in the amount of about one billion pesos have been allocated. "But this is inadequate, because it is like a drop of water in the desert. This is because development is basic, and it requires that technology, technical aid, and credit be provided for smaller infrastructure projects. All of this has proceeded very slowly."

Deputy Huenchumilla added that Indian scholarships have continued to be granted through the Ministry of Education, and not the CONADI. Currently, 5,000 Indian scholarships are being provided, "and we are hoping for a substantial increase in the coming year."

He stressed the significant contribution made by this law in what has been called the "reconciliation" among the parties involved in court suits. To this end, the CONADI has appointed a conciliation attorney—a step which has borne fruit—because the court trials that involve Indians traditionally proceed very slowly. The courts frequently postpone cases because they are so complex they do not understand them. "This appointment of a conciliation attorney has produced good results, because many cases that have dragged on for years are being resolved by this means."

Colombia

Government Imposes 4 Limitations on DEA Activity

PA0510154694 Paris AFP in Spanish 1436 GMT 5 Oct 94

[FBIS Translated Text] Santa Fe de Bogota, 5 Oct (AFP)—The Colombian Government has notified the United States that the functions of the DEA will be limited, according to Foreign Ministry spokesmen.

According to information broadcast today by the private radio network RCN [Radio Cadena Nacional], President Ernesto Samper met with U.S. Ambassador Myles Frechette and notified him that the terms under which the DEA is currently operating will be reevaluated.

The situation stems from a serious incident on Thursday, when Joseph Toft, outgoing DEA director in Colombia, told a television newscast that Colombia is a narcodemocracy and accused President Samper of receiving campaign funds from the Cali cocaine cartel.

A Foreign Ministry source who asked to remain anonymous confirmed to AFP that Foreign Minister Rodrigo Pardo is meeting with DEA officials and advisers to President Bill Clinton in Washington today to explain the limitations to which the DEA agents must submit from now on.

The RCN report indicated that the Colombian Government plans to establish four conditions for the operation of the DEA in the country.

1. The DEA will not be able to continue acting as a "free agent" and must submit to the control of the Colombian authorities.
2. The government proposes that the DEA no longer have access to confidential Colombian security and intelligence agency reports.
3. The government will have total control over the handling and use of information the DEA obtains in Colombia.
4. The DEA will no longer be able to intervene in certain types of counternarcotics operations conducted by Colombian authorities. To date, the DEA has acted without limitations in this regard.

The Colombian Government also believes that the definitive conditions must be agreed upon with the U.S. Embassy in Santa Fe de Bogota.

The Colombian Government is also studying the possibility of filing a slander suit against Toft for his remarks against the president and the country's main institutions.

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Justice Minister Confirms Review of Functions

PA0510183394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Oct 94

[From the "National Newscast"]

[FBIS Translated Text] The Colombian Government will ask the U.S. Government to reassess the terms under which the DEA operates in our country. The justice minister has confirmed this to the "National Newscast." The decision is the direct consequence of statements made by Joseph Toft, former DEA director in Colombia.

President Ernesto Samper and U.S. Ambassador Myles Frechette have already held an initial meeting on this subject and agreed that a new system of operations needs to be adopted to permit Colombian authorities to make the best use of evidence obtained by the DEA in our country.

[Begin recording] [Justice Minister Nestor Humberto Martinez] The president of the Republic himself has stated that he is interested in undertaking a joint review of DEA operations in Colombia. That is a starting point that seems to be fundamental.

[Unidentified reporter] What does that review basically entail?

[Martinez] Well, it is a review. It is a joint review, the agenda of which the two countries must decide. [end recording]

The points that will be the subject of review include the timely exchange of information with the Prosecutor General's Office, advance notification of counternarcotics operations, and delimitation of the functions of covert agents.

Defense Minister Fernando Botero traveled to Washington today to meet with the DEA to specify the Colombian Government's concerns.

Foreign, Justice Ministers Comment

PA0610023794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 6 Oct 94

[From the "24 Hours Newscast"]

[FBIS Translated Text] Colombian Foreign Minister Rodrigo Pardo and U.S. Ambassador Myles Frechette are studying stricter regulations on the DEA's presence in Colombia. One of the proposals includes stripping the head of the DEA in Colombia of his diplomatic status.

The Colombian Government will regulate in a few days the DEA's operations in Colombia so the agency does not function like an uncontrolled wheel. One of the proposals states the activities of DEA agents in Colombia should be similar to those of agents operating in Mexico. First, the agents would not have diplomatic status, so as to prevent a repeat of what has happened with Joe Toft who, protected by his diplomatic immunity, refused to testify at the Attorney General's Office when evidence emerged implicating him in recording the narco-cassettes.

It has also been said that the DEA will not participate again in joint operations with the Armed Forces. The proposal includes quartering DEA agents in Bogota and having them request permission from the Defense Ministry or their ambassador when preparing to go out on a mission. Presently, the DEA members do not even report to Mr. Frechette. Finally, the DEA members would have to report all their activities to the national government.

The U.S. ambassador visited the attorney general today to hear opinions on this issue, but Pardo will make the final decision:

[Begin Pardo recording] We do not want other Tofts doing what he did last week against Colombia's prestige. It is necessary to make a general revision of the conditions under which the DEA carries out its cooperation programs with the various agencies of the Colombian Government. [end recording]

Toft's controversial activities have led to the decision to revise the agreements. Foreign Minister Pardo, Defense Minister Botero, and DAS [Department of Administrative Security] Director Ramiro Bejarano will be in charge of the revision, which is not immediate and will not determine the DEA's departure but, rather, entails an adjustment of the technical assistance and intelligence agreements:

[Begin Justice Minister Nestor Martinez recording] The starting point cannot be the pullout of the DEA, as some people would have it. I want to say that Colombian authorities have talked with U.S. authorities on revising the agreements to protect fundamental rights and the essential concepts of sovereignty. [end recording]

Apart from the revision, it will be necessary to clarify both the DEA director's diplomatic status as a U.S. Embassy attache and his function as an agent:

[Begin Deputy Foreign Minister Camilo Reyes recording] It is worthwhile to study the mechanisms and the conditions under which these types of officials work in Colombia. [end recording]

The Senate Foreign Relations Commission has endorsed a revision of the agreements, not the DEA's departure:

[Begin Liberal Party leader Julio Cesar Turbay Ayala recording] The agreements should be assessed to determine whether they have yielded the expected results. [end recording]

Ambassador Frechette and one top DEA leader will represent the United States in the revision of the counternarcotics agreements with Colombia.

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Prosecutor General on Toft Case, Drug Issues

PA0510200194 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 5 Oct 94

[Telephone interview with Prosecutor General Dr. Alfonso Valdivieso Sarmiento by an unidentified reporter and Caracol News Director Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] We greet Prosecutor General Dr. Alfonso Valdivieso Sarmiento. Good morning.

[Valdivieso Sarmiento] Good morning.

[Arizmendi] What will you do about the letter that former President Misael Pastrana Borrero sent to you asking for a reopening of the investigation of the so-called narcocassettes?

[Valdivieso Sarmiento] The Prosecutor General's Office must establish a relationship between the [words indistinct] of former President Pastrana Borrero with previous investigations. I think it is important to determine whether there are any new facts and if there are more people involved. That would allow us at least to begin a preliminary investigation. [Words indistinct] a formal investigation can only be started to the extent that conditions merit such an investigation.

[Arizmendi] [Words indistinct] letter by former President Pastrana Borrero shows that this possibility is opened?

[Valdivieso Sarmiento] [Words indistinct] former President Pastrana Borrero is interested in knowing who [words indistinct] or at least involved or who was forced to participate and who wanted to (?participate) with evil intentions to seek (?the approval) of non-extradition. I believe it is important to know what channels—the important thing is [words indistinct]—leading to [words indistinct] a behavior that goes against norms. It is a behavior [words indistinct] attributed to some people. Consequently, it must be clearly established that [words indistinct] cannot [words indistinct] does not want to conduct (?preliminary) investigations to [words indistinct] any aspirations, desires, or requests by anyone. I want this done because I am very interested in satisfying the demand made by former President Pastrana Borrero.

[Arizmendi] Dr. Gustavo de Greiff was there when you returned to the country yesterday. He said that the investigation should be reopened and that former DEA Director Joseph Toft should be formally summoned for questioning. Why? Because he no longer has diplomatic immunity, therefore he would be forced to provide evidence to prove his scandalous accusations against the president of the Republic, former President Cesar Gaviria, and top Colombian officials. Have you considered this possibility?

[Valdivieso Sarmiento] I believe—as I just said—that we would have to ask Mr. Toft for further opinions, comments, or disclosures.

I noted that [words indistinct] some kind of cover-up. That is why it is very important to learn [words indistinct] the extent of the information. It would seem that once we analyze the facts that were presented in that interview, we could proceed to request not only his testimony but those of many people who [words indistinct] contribute with new facts. That is why from the beginning I have said that it was not my position to disqualify, much less to approve or take as valid Mr. Toft's remarks.

The important thing is for justice to create the conditions so the investigative processes will determine responsibility and charges can be brought forward in these cases.

[Unidentified reporter] Today's issue of EL ESPECTADOR carries a front-page report saying that, based on evidence provided by U.S. justice, the Prosecutor's Office issued an arrest warrant for Gilberto Miguel Rodriguez Orejuela for drug trafficking within a process that was suspended three years ago. This is the first measure of this kind in Colombia against the so-called Cali Cartel bosses. Do you have any official reports that you want to give the public through Caracol at this time?

[Valdivieso Sarmiento] The information I have is about a visit or trip that the Prosecutor's Office officials made—within a normal exchange process—to the United States. That investigation is in their hands. I do not know them at this time. But I think the important thing is that all decisions made [words indistinct]. I truly believe that [words indistinct] stimulating for the country to show that in Colombia, justice [words indistinct] organized crime and that any security measure is aimed at controlling the actions of people who have disobeyed the law for so long.

[Unidentified reporter] Did you know that such a security measure has already been mentioned by a prosecutor?

[Valdivieso Sarmiento] I have no knowledge of that information. I will verify that [words indistinct] investigations in which [words indistinct] international police cooperation.

[Arizmendi] The Justice Ministry announced that it will send a new bill to Congress, doubling jail terms for drug traffickers. Did the Prosecutor General's Office participate in drafting this bill?

[Valdivieso Sarmiento] Not in the drafting, but I have repeatedly met with the minister on this. We have analyzed it. We share the opinion that the level of penalties in our country does not allow for reductions. Frankly, I feel this does not fit with the circumstances. There are reductions based on confessions, but others are due to (?characteristics) within a process. I believe the

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level of penalties in Colombia must not [words indistinct] they seem too low compared with the law in other countries with similar characteristics. [Words indistinct] in the face of negotiations.

Consequently, I believe it is advisable [words indistinct] to increase penalties in Colombia, not only for drug trafficking but for other crimes.

[Unidentified reporter] The (?Margarita) operation against the drug cartels was carried out last week. What information do you have on the results of this operation?

[Valdivieso Sarmiento] [Words indistinct] detailed information. I can only tell you that it was one more operation in which various countries [words indistinct] intelligence services coordinated efforts. These operations show that we have a capacity for action in the face of the drug trafficking scourge. We hope that the information we obtained will help consolidate [words indistinct]

[Arizmendi] It was reported that the Senate in the previous legislature, and yesterday the Chamber of Representatives' First Committee, assumed an attitude that has drawn public attention. It practically eliminated illegal enrichment as a crime. It almost did the same with front men, and it was going to eliminate the faceless judges. How do you view this attitude of certain congressmen, an attitude that Justice Minister Nestor Humberto Martinez stopped?

[Valdivieso Sarmiento] I must say that the decision seemed [words indistinct] especially because the minister had been in contact with people who had been participating [words indistinct] the presentation of a position and, unfortunately, an unexpected reaction which leads one to believe that they do not want to accept valid arguments [words indistinct] of the government and the Prosecutor General's Office has said so too: It is impossible to eliminate the law describing this crime because it is one of the instruments that helps us have some success in the struggle against organized crime.

I believe that the idea was to eliminate, in one stroke, an instrument that although it has not produced the expected results at least gives us some possibility of success.

We all know the flow of money and the way in which [words indistinct] criminal activities. It is one of the factors that deteriorates our society and has caused more damage. Consequently, I feel it is very important [words indistinct]. We hope that message will prevail at Congress. Let us hope that the Commission and the plenum will prevent this from happening because the social impact and the consequences will be very serious.

Former Escobar Associates Linked to New Cartel

PA0610012794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 3 Oct 94

[From the "Midday Television Newscast"]

[FBIS Translated Text] More success is being reported in the struggle against drug trafficking. The police have uncovered and arrested members of the new Antioquia Cartel comprising former associates of Pablo Escobar.

The new cartel was uncovered following the implementation of Operation Margarita II against the drug traffickers' money laundering networks. The "Midday Television Newscast" has learned from intelligence sources that the new organization is the Antioquia Cartel, an organization which reportedly comprises former collaborators of Pablo Escobar. The new drug chiefs in Antioquia are allegedly using the infrastructure left by the Medellin Cartel following the death of its top leader.

According to authorities, this partly explains the current wave of violence in Medellin and Antioquia.

Operation Margarita II featured simultaneous sweeps in three regions of the country and included the departments of Valle del Cauca, Cauca, Cundinamarca, Antioquia, Cordoba, Bolivar, Atlantico, and La Guajira.

The operation, which was ordered four months ago, was carried out by 20 district attorneys, 10 prosecutors, and hundreds of policemen, and it targeted the Cali, Costa, Santa Fe de Bogota, and Antioquia cartels. The sweeps resulted in arrests of five middlemen involved in money laundering, the freezing of bank accounts, and the confiscation of checks. In addition, lists of gambling and foreign exchange firms used as fronts were uncovered.

Justice Minister Opposes Bill on Corruption

PA0610040194 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 5 Oct 94

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Justice Minister Nestor Humberto Martinez abruptly interrupted a First Congress Commission session today as members debated a bill which virtually states that the use of front men is not a crime.

Justice Minister Nestor Humberto Martinez interrupted the First Congress Commission's debate because he believed the bill the commission was about to approve openly violates the Constitution. The bill limits the powers of law enforcement officials, because only a court ruling will allow authorities to confiscate assets of individuals charged with corruption, whether those individuals are public officials or private citizens. The bill also protects the rights of third parties who participate in this kind of activity, meaning it virtually states that the use of front men is no longer a crime.

The minister renounced the bill, which had already been approved by the First Senate Commission, and he managed to postpone the debate until next week, when the government's official position will be announced.

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Meanwhile, the Senate accepted objections to the bill presented by former President Cesar Gaviria's Administration which is designed to define kidnapping as a crime. This means military jurisdiction will take precedence in crimes that may be perpetrated by the military. The treatment of the issue of following orders remains unchanged.

Military To Implement Plan Democracia for Elections

PA0610030894 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 4 Oct 94

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa Fe de Bogota—The Colombian Armed Forces will implement this week Plan Democracia in order to guarantee the normal development of the 30 October elections for governor, mayors, and councilmen. The authorities, who have announced the security strategy, have invited Colombians to fully exercise their right to vote so as to defeat abstentionism, which traditionally has surpassed 70 percent.

The continued military operations against subversion will not be weakened during the electoral process, nor will security be neglected in strategic sectors such as the oil fields, oil pipelines, and radio communications centers, which have been the choice targets of terrorist attacks, it was explained.

In addition, the state security organizations will continue protecting the candidates who are the object of threats, and pertinent measures will be taken so they can carry out their campaigns normally.

President Ernesto Samper said during a meeting with governors the coming elections are a timely moment for Colombians to demonstrate their democratic conviction and for all to say together: No to war, yes to peace.

Gunrunning From Central America to Colombia Detailed

PA0510221994 Panama City ACAN in Spanish 1601 GMT 3 Oct 94

[FBIS Translated Text] San Jose, 3 Oct (ACANEFE)—Colombian authorities are currently investigating gunrunning from Nicaragua and El Salvador to guerrilla groups in that South American nation. According to today's edition of a Costa Rican newspaper, the gunrunning activities involve Costa Rican and Panamanian bands.

According to the Costa Rican newspaper AL DIA, the bands use Costa Rican and Panamanian territory to transfer weapons to Colombia, specifically for the Revolutionary Armed Forces of Colombia (FARC), but the report does not rule out the possibility that the weapons are also intended for the country's drug cartels.

Today's edition of AL DIA cites a report submitted by a regional Attorney General's Office in Colombia, which also requested the cooperation of Panama's Technical Judicial Police (PTJ).

"According to the police investigation, weapons are coming from El Salvador and Nicaragua, and the contact is a Costa Rican band that purchases machine guns for $300 apiece," the morning newspaper warned. It added that once the weapons enter Costa Rican territory, the band takes them to the Panamanian border—at a place known as La Brujita, 10 km south of the Paso Canoas border crossing—where they are transferred to the neighboring nation.

EL DIA added: "The weapons are turned over to another Panamanian band and loaded onto trucks that transport plantains. Their final destination is the Colombian border."

The EL DIA report also said: "The Colombian police report noted that the weapons are not the only traffic crossing Costa Rican and Panamanian territory, because the weapons are occasionally replaced with drugs."

The newspaper recalls that Panamanian authorities confiscated two arms shipments in Chiriqui Province on the Costa Rican border in 1993—one included 200 weapons, and the other one included seven Soviet-made AK-47 submachine guns and 25,000 rounds of ammunition.

"A Spanish citizen with the surname of Salvarratiagy was arrested in connection with the shipment. Apparently, he has ties with the terrorist organization ETA [Basque Fatherland and Liberty]. A Panamanian with the surname Cordoba also was arrested," the morning newspaper asserted.

The information added that the groups are interested in the AK-47 submachine guns, which can cost up to $1,500 on the Colombian black market.

"The traffickers hide these weapons, many times disassembled, in trucks loaded with vegetables," the Costa Rican newspaper warned in an extensive report entitled "Costa Rican Bands Trafficking to Colombia."

'Challenges' Facing Attorney General Noted

94CA0177A Santa Fe de Bogota EL TIEMPO in Spanish 5 sep 94 p 16A

[FBIS Translated Text] At 1630 on 31 August, 90 minutes before stepping down as national attorney general, Carlos Gustavo Arrieta decided one of the hottest "potatoes" facing the public prosecutor: the investigation of allowances paid to the national Congress.

At that hour the outgoing attorney general signed a request to remove from office Senators Carlos Espinosa and Omar Yepes and ex-Congressman Jaime Henriquez Gallo.

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The event was not as hurried as it appeared. An intensive discussion on the subject had been under way for some months inside the Office of the Attorney General, and although from the beginning Arrieta and a group of legal advisers had seen this approach as viable, many doubts arose along the way.

The most important was that there is no law regarding the loss of office due to unlawful use of public funds.

Although Arietta and his collaborators became ever more convinced that this was the best outcome for the investigation, it had to be done in the strictest legality.

The document to be sent to the Council of State requesting the three removals from office was already drafted by the morning of 31 August. Arrieta signed the request that afternoon.

An additional consideration was decisive: incoming Attorney General Orlando Vasquez Velasquez had defended the persons involved in the debates in Congress, and Arrieta did not want one of the most important investigations of his administration to be left in the air.

The requests for removal from office not only constituted Arrieta's final official decision, but it also meant that he was leaving office with no sensitive matters pending.

This is the case with almost all of the subdivisions of the Attorney General's Office, where few important issues are pending.

The power failure that the country experienced in 1992 and 1993, the trial over the purchase of boots for the Army, the adjudication of contracts for Termo Barranquilla, and corruption in Civil Aviation are the important investigations still pending.

There are many charges in these cases, and the investigations are still involved with gathering evidence.

Other sensitive cases are being handled by the subdivisions that deal with the Armed Forces, where several trials are in progress for human rights violations: the massacres at La Chinita in Uraba and at Rio Frio in El Valle, and the Navy's intelligence network in Barrancabermeja, are some examples.

Deputy Attorney General Mauricio Echeverri is about to hand down a decision in the investigation of former Attorney General Guillermo Villa Alzate, which was declared unjustified when EL TIEMPO disclosed a communication with one of the Rodriguez Orijuela brothers.

Thus, the main challenges for Vasquez Velasquez are centered in three areas.

First: to maintain the productivity of the Office of Special Investigations which, during the past four years, brought 250 accusations of illegality and conducted 105 preliminary investigations of human rights violations.

Second: to be a permanent presence in the application of one of the best weapons against corruption that the 1991 Constitution possesses, the mechanism for requesting removal from office.

The Council of State has removed 10 congressmen from office in the past two years; seven of these were brought by the Office of the Attorney General.

Eight of the 15 cases still pending were brought by the Attorney General's Office.

And third: to maintain the position of the Attorney General's Office with regard to state-owned enterprises.

A year ago, Arrieta transformed one of the subdivisions of the Attorney General's Office into a working group dedicated exclusively to examining state-owned companies and to demanding results, in order to guarantee protection of consumer's rights.

In 12 months, the subdivision conducted 50 evaluations of these firms and insisted on important changes in 37 of them.

Another important challenge that awaits Vasquez is the formation of his working team. There Arrieta imposed a line that was clearly academic, with a very high judicial standard.

The great majority of the personnel of the Office of Special Investigations was even trained by British, Italian, and U.S. investigators.

All in all, Vasquez is inheriting a modern Attorney General's Office with good credibility and output, and distant from political influence.

This requires him to refute with actions, not words, those who call him a representative of the political class, who is assuming the Office of the Attorney General in order to repay favors.

Finance Minister Explains Recent Measures

94CA0174A Santa Fe de Bogota EL TIEMPO in Spanish 28 Aug 94 p 4C

[Interview with Finance Minister Guillermo Perry by Luis Alberto Lopera R. and Jacqueline Guevara G. of EL TIEMPO's economic staff; place and date not given; first paragraph is EL TIEMPO introduction]

[FBIS Translated Text] The government's financial czar is calling for common sense and self-regulation in the financial system. He warns that if interest rates rise, more painful approaches might be required.

The package the new government adopted in its first 20 days has a cost that somebody will have to pay.

Finance Minister Guillermo Perry Rubio is quite open about this, saying: "In economics there is no free lunch; somebody has to pay the bill."

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In this case, there are two bills: interest rates will have to remain high, and unrestrained consumer spending in the private sector will have to be slowed down.

There is apparently no other way. Between business and families, investment and consumer spending are so heated that they have grown by 7 percent of the GDP [gross domestic product].

That rate, which Perry says cannot be sustained, means that private sector spending has soared to about $4 billion (3.3 trillion pesos).

But that is not all. While the government hopes the financial system will be prudent with credit and interest rates, it warns that if it is not, it is prepared to seek other more painful measures.

In an exclusive interview with EL TIEMPO, the minister of finance defends these measures and explains that they all have a very clear aim: to lower inflation without sacrificing economic growth.

[EL TIEMPO] There are many criticisms of and uncertainties about the exchange and monetary package adopted in the last few days.

[Perry] People have been concentrating on the trees, so they have missed the forest.

To understand the aim of this package, we have to make a diagnosis of the Colombian economy. In the midterm it looks very good; prospects are favorable, given the increase in private investment, the growing diversification of exports, and greater capital returns from coffee sales and from the petroleum bonanza. Now we have to create instruments to make sure these resources will be used wisely.

But in the short term we face two serious problems. The major one is revaluation. In the first seven months of 1994 there was no nominal devaluation; in other words, a real revaluation occurred. That hurts not only exporters, but industry and agriculture as well.

The second problem is inflation, which in the last 12 months has stayed at 22.7 percent. With that rate, we wondered: why has the policy to reduce the cost of living not worked in this period?

[EL TIEMPO] Why do you think it failed?

[Perry] Because government spending grew 70 percent in recent months and because Colombian businesses and families are also spending at levels that greatly exceed their incomes.

Consumer spending is growing at a rate of seven percent of the GDP, which is certainly excessive. If public finances had the same deficit, we would be tearing our hair out.

[EL TIEMPO] Then are the tighter credit measures designed to slow down excessive consumer spending?

[Perry] Yes. Seven percent growth in consumer spending is not sustainable in the midterm. So the government adopted a package of measures to decrease internal and external debt, which is too high.

It was also necessary to take control of credit because its great availability not only promotes increased spending, but it can also cause fragility in the financial system, which could lead to serious problems with holdings in the midterm. Government and monetary officials had an obligation to slow down that growth in time.

With public and private spending growing so much it is not surprising that inflation is not declining, and that the exchange rate is being revalued.

[EL TIEMPO] But everyone says that the squeeze produced by this package is very strong....

[Perry] The first measure taken by the board of directors of the Bank of the Republic, which requires deposits (reserves) for loans obtained abroad, is designed to reduce the influx of dollars not intended to finance investment and exports. In other words, it makes credit that businesses obtain abroad for less than five years more expensive.

[EL TIEMPO] Selling bonds abroad was also prohibited, handicapping many businesses that were thinking of getting financing through that mechanism.

[Perry] Selling bonds is another way to get foreign financing, and with these measures we want to encourage businesses to place bonds for investment or working capital, but for terms exceeding five years.

If someone does it for a shorter term, it will be considered a foreign debt operation, and, therefore, it will be subject to the restrictions applicable to foreign credit.

[EL TIEMPO] Does that restriction also apply to the public sector?

[Perry] Government agencies will also have to comply with that procedure. For the $150 million in Eurobonds that the government is thinking of issuing in the international market in September, the resources will have maturity dates over five years.

[EL TIEMPO] Do you think financial institutions will voluntarily slow down the increase in their holdings?

[Perry] For internal credit, measures have been taken to reduce the financial system's holdings, which are increasing at rates higher than 50 percent a year. The objective is to grow no more than 37 percent.

If we can get inflation down near the goal of 19 percent by the end of the year, the increase in loans in real terms would be over 15 percent, which is an excellent rate.

[EL TIEMPO] Was there agreement about restricting credit?

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[Perry] The government is not seeking a restriction or slowdown in credit. What it wants is to have no excessive expenditures. Fortunately, the financial system is now becoming aware of the need to be more prudent, and that it is not wise to maintain high growth rates in its holdings. The ideal is for this sort of issue to be discussed and an agreement to be reached with credit institutions.

[EL TIEMPO] Are you not concerned that this determination may trigger higher interest rates, as some analysts say?

[Perry] We have to realize that restricting credit is not easy, and that the cost of this policy will be higher interest rates. In economics there is no free lunch; somebody has to pay the bill.

Interest rates are very high now, and the government realizes they are going to stay at that level for a while, though it hopes they will not go up any more.

If the financial system raises these rates any more, the danger increases that their holdings may suffer. So we have asked all the bankers to be very prudent.

Later we will look for ways to start to bring them down.

[EL TIEMPO] But bankers insist that interest rates will go even higher. Is the Bank of the Republic prepared to impose new controls if interest rates continue to rise?

[Perry] Monetary controls are not the ideal solution. The best way is to persuade financial institutions not to allow the cost of credit to rise any more. And to do so voluntarily. That was the purpose of the meeting held at the beginning of the week between the board of the Bank of the Republic and representatives of the financial system.

If after some time we see that this is not working and that there have been no results, we would have to study another type of instrument. The key is for common sense and self-regulation to prevail.

[EL TIEMPO] But if the Bank of the Republic decides to obtain resources it may drive rates up....

[Perry] The Bank of the Republic has been authorized to raise interest for stock certificates so it will not be left out of the market. But that does not mean the Bank is going to drive interest rates up. It will simply follow the pace of the market.

[EL TIEMPO] Would it not be feasible to reduce the brokerage margin, which is still over 10 percent?

[Perry] That margin is relatively high because of the high costs that reserves, compulsory investments, inflation, and inefficiency create for the system. That differential margin between the interest rate charged for loans and the rate savers receive may improve with greater competition among financial institutions.

In the midterm, lowering the margin will require an effort by the financial sector and by monetary officials to reduce costs, with lower reserves and greater efficiency.

[EL TIEMPO] The other thing some people want is for the government to start to slow down spending. Are you prepared to do that?

[Perry] In the meeting between the board and the bankers, the government pledged to spend less. We are going to try to adjust spending to appropriate levels. This year it might grow 50 percent, a considerable reduction when you remember that it has been increasing at a rate of 70 percent a year.

Right now we are working on changes in the 1995 budget that we will present to Congress in early September. We have to cut some items in order to include the items needed for the Social Solidarity Net and for Agrarian Reform. The adjustments will not mean a substantial increase in the budget proposed for the coming year. The objective is for it to be very similar to the budget presented by the previous administration.

[EL TIEMPO] Is it not contradictory for you to slow down private foreign credit while the government is getting new loans abroad?

[Perry] No. Although public finances are going to produce a surplus of 2.7 percent of the GDP for 1994, the central government's spending will present a deficit of three percent of the GDP.

Part of this imbalance may be covered by internal financing, by issuing treasury bills (TES). But this must not be exaggerated, for that would exert greater pressure on interest rates.

So we are looking at other options, like the external market. Furthermore, as Colombia is constantly amortizing its foreign obligations, if we do not get new loans, we would practically be making net capital exports.

Colombia cannot waste this opportunity to get long-term resources, between 20 and 25 years, at a not very high cost. So the government will arrange loans with multilateral organizations and commercial banks and lenders.

In addition, multilateral banks give us good financial terms for investment projects like the Social Solidarity Net and Agrarian Reform. For these two plans an $800 million credit will be arranged, and we are going to spend those resources during these four years.

[EL TIEMPO] The construction and real estate sectors are unhappy about the restraints on foreign investment....

[Perry] We are only trying to avoid speculation in those sectors. The government decided to ban investment in construction because increasingly speculative operations have been observed there, facilitating the influx of a great deal of capital. So we had to prevent now rather than try to cure the problem later.

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[EL TIEMPO] Are you not afraid the economic package will hurt economic growth?

[Perry] The effect of these measures on economic growth will be quite marginal. At the end of this year Colombia's GDP will grow more than five percent, while it might have been slightly higher.

Ex-Finance Minister Views Social Program

94CA0178A Santa Fe de Bogota EL TIEMPO in Spanish 1 Sep 94 p 5A

[Commentary by former Finance Minister Rudolf Hommes "The Social Leap"; EL TIEMPO notes that this is the first of what will be periodic commentaries by the former minister on economic and political issues.]

[FBIS Translated Text] The government should be congratulated for the rapidity with which it has committed itself to a social policy and to goals for growth; goals such as secondary exports and employment that are very optimistic and must be pleasing to the private sector and to the workers. The social leap, the safety net of social solidarity and the new drive that is to be imparted to agrarian reform are attractive concepts and make very clear that the government is going to introduce the kind of second generation reforms that are needed after having consolidated the free market phase.

During the Gaviria administration, the central government's social spending grew from 3.81 percent of gross domestic product (GDP) in 1990 to 6.38 percent of GDP in 1994, and the current government proposes to do something similar. The director of planning has in fact announced that such spending will increase during this four-year period by an additional 3 percent of GDP. This means that in an eight-year period, beginning in 1990, the central government's social outlays could triple in terms of GDP. I am pleased that this orientation in spending is continuing and even accelerating somewhat, because it is necessary for the country's development, and because it is fair. I am also pleased because the minister of finance is at the same time committed to a healthy fiscal policy. The key to success and to social policy is that increases in spending be carried out within a balanced fiscal strategy. If the latter does not take place, we will leave the road to hell paved with good intentions.

In addition, the government must be sure that the resources and the effects of social policy are oriented toward the most needy sectors and do not benefit organizations or politicians, since we are not playing popular music in order to be able to continue drinking champagne.

I believe in President Samper's sincerity. This is a guarantee to us that the resources will reach the neediest. I also believe that a great effort will be made so that the programs will be well conceived. This will be a relief for the minister of finance, because before beginning to spend, the government is going to have to plan, on an urgent basis, the policies that it is going to put into effect, since social spending has not yet completely been invented, and there is no capacity for carrying it out. Although the needs of the poorest counsel us to move quickly, it is indispensable that the programs be well thought out. If almost 10 percent of GDP is going to be destined to the central government's social spending, we must be sure of the quality and the effectiveness of the policies.

Furthermore, it should not be forgotten that because of an oversight by the minister of finance, who was not present in the Conpes [National Council for Economic and Social Policy] when the decision was taken, resources that could have financed an increase in social spending are now being spent on crop purchasing accords. Undoubtedly these have a lower priority and will certainly impose sacrifices on those most needy when prices are increased for cooking oil, rice, clothing, and all the articles that contain products from the sectors that the Ministry of Agriculture is rewarding with its crop purchasing agreements.

Mixed Reaction to Crop Purchasing Accord

94CA0178B Santa Fe de Bogota EL ESPECTADOR in Spanish 4 Sep 94 p 6B

[FBIS Translated Text] One day before the signing of the crop purchasing accords proposed by the government, opinions over this strategy continue to be mixed.

Farmers have not concealed their satisfaction. In the final analysis, they are the ones who will benefit because the sale of their produce at good prices will be assured, and this will be practically without giving anything in return.

More reserved have been the agro-industrialists, who quietly point out that this represents a retreat from the free market that was set in motion by the previous administration, and will be a limiting factor in making decisions on the acquisition of raw materials.

But it has been the independent observers, those who have no stake in the negotiations, who have been the most critical.

First among these is Fedesarrollo [Federation for Development], a research organization that has described the crop purchasing accords as a questionable and unsuitable strategy.

Tomorrow, accords will be signed for wheat, sorghum, corn, and barley, leaving the accord on cooking oils pending.

The Concerns

In an analysis made public this week, Fedesarrollo explained the reasons for its objection to the signing of the harvest accords.

- When accords are reached, their administration and

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supervision will be costly for the parties to the accords and to the government.

- When accords are not reached, as could occur in some cases due to the inexplicable tightness of the timing, a door will have been opened for future discretionary and uncoordinated changes in the structure of customs tariffs. The same holds true for approvals of imports.
- With or without accords, the official strategy is designed to raise artificially the price of farm products that compete with imports, reversing the process of reallocating resources in the agricultural sector to more competitive activities, and introducing serious distortions in cost structures and in the competitiveness of the sectors that follow them in the productive chain.
- Paradoxically, these decisions will do very little to improve rural incomes. A recent Fedesarrollo study reached the conclusion that tariffs on agricultural products and, by extension, crop purchasing accords that seek to raise prices, do not raise the incomes of rural families.

If agricultural tariffs are raised 20 points, rural incomes could fall by about one percent, because the greater cost of materials used in production reduces urban demand for all agricultural products, not only those that are protected.

- The artificial increase in prices and restrictions on agricultural imports go against the macroeconomic objectives of reducing inflation and moderating tendencies toward an increase in the real rate of exchange.
- In the end, they also work, in the medium term, against improving conditions for competitiveness in the rural sector.

The reason for this risk is to lessen stimulation of the necessary process of reconversion to other lines, to the extent that profitability of these crops is increased.

- In this sense, their effect is equal to an increase in import duties, but in a less transparent way and with more troublesome and complicated administration.

Less Demand

According to Fedesarrollo, other risks incurred with this strategy involve the demand for raw materials and even for foodstuffs.

This is because industrialists, instead of buying protected agricultural products, will try to utilize other materials, possibly more processed, that have lower tariffs.

In their turn, consumers will also shift their demand toward other articles, possibly with a higher imported content.

Finally, increased costs and fewer possibilities for production and income generation in the cities will reduce the demand for all agricultural products, including those that are not affected by tariffs.

Concluding its analysis, Fedesarrollo states that the decision not to adopt the proposal to increase tariffs is cause for satisfaction, but it continues to be concerned over the crop purchasing accords.

The organization hopes that the accords do not represent the first step toward raising tariffs.

Fedesarrollo points out in closing that privileges afforded to one sector generate a chain of demands for similar measures that compensate other sectors that have been affected, which—it emphasizes—is particularly assured in the agricultural sector, which is the first link in a long productive chain.

Ecuador

Quito, Guayaquil Residents Polled on U.S. Invasion of Haiti

94P21221

[FBIS Editorial Report] Guayaquil EL UNIVERSO in Spanish on 20 September published on page 1 a poll by Informe Confidencial. An unspecified number of Guayaquil and Quito residents were asked a single question: "Should the United States militarily occupy Haiti to reestablsh democracy?"

"Yes," was the response of 39.8 percent of Quito respondents and 42.8 percent of Guayaquil respondents. "No," answered 54 percent of Quito residents polled and 42.8 percent of those polled from Guayaquil. A total of 16.2 percent of those polled in both cities did not respond.

Roldosist-Social Christian Pact Analyzed

94SM0471A Quito VISTAZO in Spanish 18 Aug 94 pp 4-10

[Article by Carlos Jijon: "Sleeping With the Enemy"]

[Text] The first justification was voiced by an obscure Roldosist deputy, speaking in front of the Ecuavisa cameras. "The sacred interests of the fatherland require this and other sacrifices," he stated in a display of cynicism. This was reinforced the following day when Abdala Bucaram explained the reasons for the agreement clearly and concisely. "We are joining the Social Christians because this gives us the desired results." The pact was sealed on 10 August with the installation of Heinz Moeller and Marco Proano Maya in the presidency and vice presidency of the Congress, respectively, together with the allocation of the legislative commissions to the various forces in the alliance (which included a so-called Group of Six, headed by Fabian Alarcon), and excluding the rest of the parties.

"A new 'cry of freedom' should be raised every 10 August, but unfortunately, what we are seeing is a cynical crushing of the civic spirit and the hopes of the people,"

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the archbishop of Cuenca, Monsignor Luis Alberto Luna Tobar, has said in sharp criticism of the pact. Because the reason for the national rejection is not that this is just another agreement of the kind so common in our political life, nor does it reflect a "hypocritical attitude," as the president of the Social Christian Party (PSC), Jaime Nebot, termed it. This pact is an agreement among those who were accused of plundering the municipality of Guayaquil and their accusers. It is an agreement between those who defended the former mayor, Elsa Bucaram, and those who succeeded nine months ago in getting her parliamentary immunity set aside and obtaining the criminal conviction that led to her flight to Panama. "This is a shameful agreement, a violation of ethics, morality, decency, and even esthetics." This was the pronouncement of Monsignor Luna, who has become the ethical conscience of the nation.

"This was a necessary evil, if the campaign promises were to be kept," Nebot argues. The explanation being circulated in the back rooms is a simple one. "It would have been very hard for the party to maintain a united parliamentary bloc for two years if it did not control the legislative commissions," legislators still loyal to Nebot admit privately. Control of the commissions was essential as a tool for exerting pressure on the government, which still needs approval of the basic laws in order to carry its modernization process forward. "The government does not mind the fact that Moeller presides over the Congress, because it knows that draft laws can be negotiated through the budget allocations for the municipal councils and city halls controlled by the Social Christians," a source close to the Ministry of Government says. Therefore, the main objective was to achieve dominance over the commissions. It was to achieve this that Dr. Heinz Moeller negotiated simultaneously, but via different routes, with the Roldosist Fernando Rosero, Juan Jose Castello of the MPD [Democratic People's Movement], and social democrat Andres Vallejo. Both Castello and Vallejo were willing to yield on the commissions issue, but each wanted to retain the presidency of the Congress for himself. This went against Moeller's personal aspirations. This was the reason the decision went to the PRE [Ecuadorian Roldosist Party]. In the end, a written agreement that had just been released as this edition went to press was signed. Dr. Heinz Moeller, however, made it clear that the responsibility for the pact does not fall to him alone. "Heinz Moeller is not going to assume full responsibility for this situation without the necessary support from the party leadership," he told EL UNIVERSO. "Leon Febres Cordero and Jaime Nebot urged me enthusiastically and forcefully to participate. Moreover, in the internal disagreements the agreement provoked, their opinion won out. It is they who have supported the struggle of the PSC to ensure that the will of the people is respected."

A Historical Review

In reality, agreements between the bitterest enemies have been a common practice within the Ecuadorian political class. In 1979, just as the most recent democratic phase began, CFP [Concentration of Popular Forces] leader Assad Bucaram entered into an alliance with his staunchest enemies (the conservatives and Social Christians) for the purpose of winning the presidency of the Congress and opposing the president of the Republic, Jaime Roldos, whose party ideology he shared.

Nor are the alliances between Febres Cordero and Abdala even a novelty. In 1987, Febres Cordero allowed Abdala to return after having had him ousted from the mayoralty of Guayaquil, threatening to have him imprisoned, and filing two criminal suits against him (one for attacking state security and the other for embezzlement), in the hope of reducing the presidential potential of Rodrigo Borja.

Three years later, in August of 1990, Abdala and Febres Cordero joined forces again against Borja, this time to win the presidency of the Congress for Dr. Averroes Bucaram, Abdala's cousin, who had collaborated with Febres Cordero earlier. The PSC-PRE pact did not end with the election of Averroes, but continued long enough to allow the head of the Social Christian bloc, the lawyer Jaime Nebot, to propose granting Bucaram amnesty, after they themselves had initiated the court suit resulting in her conviction during the government of Febres Cordero. "This was a legislative majority that shamed us," Bucaram was to say later in an interview granted to VISTAZO. "But it was a historic necessity in order to survive."

Then as now, the pact was criticized in the harshest terms by politicians. "Machiavelli in his tomb must be happy," the former mayor of Quito, Rodrigo Paz (Popular Democracy) said recently. However, there is a great deal of hypocrisy. During that same period in which Bucaram was granted amnesty, Roldosist deputies, including Jacobo Bucaram, attacked then deputies Vladimiro Alvarez, Jamil Mahuad, and the conservative Alberto Dahik savagely on the floor of the parliament. But this did not prevent a coalition that included the conservatives from electing Carlos Vallejo (Popular Democracy) and the Roldosist Jacobo Bucaram as president and vice president of the Congress, respectively, two years later, in August of 1992.

Cynicism and Ethics

But as ethical conduct is not a characteristic of the Ecuadoran political class, it becomes necessary to venture into the realm of the pragmatic. Since he lost in the second round, Jaime Nebot has become the most important aspirant to the presidency of the Republic. Recent historic experience has demonstrated that the presidency of the Congress is not a prerequisite for winning the presidency of the Republic. Leon Febres Cordero did not need that progression to win over Borja in 1984, after the ID [Democratic Left] had dominated the Congress. Nor was this necessary in order for Sixto Duran-Ballen to win over Nebot himself in 1992. Why then would Jaime Nebot agree to pay such a high price in order to achieve

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such a risky objective? "We made three timely promises," Nebot says. "We promised income for our municipalities. If the minister of finance does not provide the funds, he will be removed from office. We want to pass social laws. We control the legislative commissions, and our laws will pass. And, finally, we promised to prevent government abuse, and we will stand firm. We will not impose more taxes nor further increases in the price of gasoline. And we promised all of this for 1994, not for 1996. It is in order to keep our promises to the people that we have done what we have done."

"The Social Christian leadership decided that the presidency of the Congress was essential to them if they were to achieve their goals," Henry Raad, a council member and one of the most ardent anti-Roldosists in Guayaquil, wrote in a bitter complaint. "How can one hold his nose and go on as if nothing had happened?" he added, while justifying "those who withdraw because they cannot bear the nausea caused by swallowing such a bitter draft."

For it is not the same as on the other two occasions, when no one questioned the pacts with the PRE. Now the party itself is raising serious questions. The doubters range from Deputy Luis Almeida, who is upset because his desire to head the supervisory commission was vetoed by Abdala, to current council member Ricardo Noboa, who as of the time this issue goes to press, has withdrawn. A stellar deputy in the preceding period, a personal friend of Nebot for the last 20 years, and a former minister under Febres Cordero, Noboa found himself unable to tolerate the humiliation of a pact between his party and those "against whom I myself filed criminal suits on charges of corruption. One does not compromise one's principles. An alliance with thieves does not help the nation, and by concluding a pact with the PRE, the thieves have been granted a moral pardon," Noboa says. He wonders what judge would put himself in the terrible position of finding Elsa Bucaram guilty if he knew that a subsequent political agreement could set her free.

Now, only time can reveal the consequences. Observers outside the party but close to it ideologically, such as the president of the Chamber of Small Industries, Joyce Higgins, believe that nothing will happen. "It was vital to them to win the presidency of the Congress. They rejected the telecommunications law, and only lost two points in the polls. Their calculation was as follows. There are two years left. How many votes could this lose us? But if in the coming months we see Elsa Bucaram absolved, the party would founder irretrievably." Others believe the opposite. In the last interview he granted to VISTAZO, Guayaquil Mayor Leon Febres Cordero said that "Nebot will definitely be president in 1996, unless he commits some dreadful blunder." It may be that this blunder was committed on 10 August.

Poll Shows Rising Indifference to AIDS

94P21231

[FBIS Editorial Report] Guayaquil EL UNIVERSO on 11 September published on page 1 a poll conducted by Informe Confidencial. An unspecified number of Guayaquil and Quito residents were asked a single question: "Are people becoming more indifferent to AIDS?" "Yes," answered 85.2 percent of Guayaquil respondents and 83 percent of Quito respondents. Only 6.3 percent of respondents from both cities had no answer.

Peru

Lima Mayor: Fujimori Conflict With Wife 'Mere Tactic'

PY0510210494 Madrid EFE in Spanish 1644 GMT 4 Oct 94

[FBIS Translated Excerpt] Lima, 4 Oct (EFE)—Ricardo Belmont, Lima mayor and possible presidential candidate, has said that the disagreements between Peruvian President Alberto Fujimori and his wife Susana Higuchi are a mere tactic to facilitate the reelection of the president.

In remarks made last night, Belmont, a controversial businessman in the press and media field, insisted on the theory that the marital and political confrontation of the presidential couple, which began in July 1994, is merely a maneuver the outcome of which will be the reconciliation of the two to keep Fujimori in power for another five-year period.

The Lima mayor termed "a special play" what he considers an intrigue that was broadly publicized by the media when the confrontations between Fujimori and his wife took place.

Belmont said that everything has been prepared so that, after the 9 April 1995 general elections, if Fujimori does not obtain an absolute majority in the first round, Susana Higuchi will be reconciled with the president and the votes she obtained will be transferred to her husband.

"That is so. For the runoff they will be reconciled and Susana Higuchi will hand her votes over to him and they will remain happy with the reconciliation," Belmont said sarcastically during a statement over Channel 11 of Lima Television, which he owns, and through which he addressed the nation last night to consolidate his strong criticism of the government. [passage omitted]

Court Closes Case Charging Government Corruption

PY0510162494 Madrid EFE in Spanish 1538 GMT 4 Oct 94

[FBIS Translated Excerpt] Lima, 4 Oct (EFE)—The Lima press reports today that the Lima District Court has confirmed a lower court ruling that rejects the alleged corruption charges raised against the government by Susana Higuchi, President Alberto Fujimori's wife.

Lima District Court Judge Teddy Cortez Vargas issued an unappealable ruling stating that the evidence submitted by Higuchi is "insufficient" and "therefore, the case must be definitely closed." [passage omitted]

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Fujimori: Top Terrorist Leaders 'About To Be Captured'

PY0510124094 Madrid EFE in Spanish 0303 GMT 5 Oct 94

[FBIS Translated Text] Lima, 4 Oct (EFE)—Peruvian President Alberto Fujimori today asserted that the current top leaders of the Shining Path [SL] terrorist group are surrounded and about to be captured by members of the security forces.

Fujimori said that SL leader Oscar Ramirez Durand, aka Feliciano, and Nestor Cerpa Cartolini, aka Evaristo, of the MRTA [Tupac Amaru Revolutionary Movement] are "practically besieged," and that their capture could take place "at any moment."

Feliciano, who heads the Maoist group that has persisted in its violent actions and rejected requests for a peace agreement by SL leader and founder Abimael Guzman, sentenced to life imprisonment, is in the jungle area of the Andean Ayacucho Department, stated Fujimori.

The chief of state added, during a working visit to Junin Department, in central Peru, that there is an order to capture him dead or alive, and he thinks "he will be detained at any moment."

Regarding Cerpa, Fujimori said that the Army and Police are following him "closely," although he did not disclose where the terrorist had been spotted.

Today a Lima daily stated that Evaristo was negotiating his surrender with Peruvian authorities, and was in the jungle region of the Huallaga River, from where he had sent two envoys to conduct the negotiations for his surrender. The report also states that Cerpa is sick and without money.

Fujimori rejected this report, denied that negotiations are under way, and reiterated that Cerpa is being followed by security forces.

The president recalled that the SL leaders enjoy no advantages, and cannot benefit from the repentance law that expires in November, which grants benefits to terrorists who surrender and cooperate with the authorities.

General Nicolas di Bari Hermoza, president of the Armed Forces joint command and Army commander, today stated in this regard that he could not confirm the daily's report, and that as far as he knew, Evaristo was no longer an MRTA militant.

He added that the MRTA is almost dismantled, and that the members of the group still at large are involved in petty crimes and holdups.

Hermoza was in Tarapoto today, in San Martin Department in the jungle region, where the Army presented some 12 terrorists and drug traffickers arrested during operations carried out two weeks ago.

The Army also displayed weapons, explosives, ammunitions, communications equipment, outboard motors, motorcycles, and drugs seized from the terrorists and drug traffickers arrested in the region.

An Army spokesman disclosed that 96 percent of SL members and 99 percent of MRTA members had been neutralized in the Huallaga region.

Imprisoned General Sentenced to 3 More Years

PY0510163094 Madrid EFE in Spanish 0201 GMT 4 Oct 94

[FBIS Translated Text] Lima, 3 Oct (EFE)—Charged with having allegedly misappropriated funds from military organizations, the Military Superior Court today sentenced General Jaime Salins (retired) to three years in jail. Gen. Salinas was involved in the 13 November 1992 coup d'etat attempt.

According to the Military Court, the Military Superior Court has confirmed a Military Court which found Salinas guilty.

Salinas was charged with misappropriation of funds from the Army emergency budget during his tenure as head of the Army Budget Department. Salinas has denied the charges at all times.

Salinas is currently serving an eight-year prison sentence in compliance with a Military Court ruling issued in February 1993, which found him guilty of leading a coup d'etat to overthrow Peruvian President Alberto Fujimori on 13 November 1992.

The retired general and the eight officers who participated in the coup are detained at the Real Felipe military barracks located in the port of Callao, near Lima.

In 1993 President Fujimori pardoned another nine Army members who had also taken party in the coup.

Gen. Salinas is believed to be the leader of the 13 November Movement, made up of those who participated in the coup d'etat, which recently registered with the National Election Board to participate in the Peruvian general elections scheduled for 9 April 1995.

Parties Choose Candidates, Announce Platforms

95P20005A Lima Resumen Semanal Press Review in Spanish 14-22 Sep 94

[From DESCO database; received via Internet]

[FBIS Translated Excerpt] [passage omitted]

Fujimori Leads in Apoyo Poll

President Fujimori leads Ambassador Javier Perez de Cuellar by 20 points as the preferred presidential candidate with 44 percent to the former UN secretary general's 24 percent, according to the first nationwide poll conducted by Apoyo S.A. The poll, conducted between 9 and 12 September, and based on 1,574 interviews, places

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Lima Mayor Ricardo Belmont in third place with 2 percent. Consistent with the projections aired on "Panorama," a second round of voting would give the incumbent 50 percent and the former secretary general of the UN 33 percent of the total votes. Some 7 percent of the population would return blank votes and 10 percent of the population were undecided or did not respond. (Most dailies 19 Sep 94) [passage omitted]

PPC Presidential Ticket

The Popular Christian Party [PPC], led by Luis Bedoya Reyes, opened its sixth national congress 16 September. It was agreed that the party would enter the general elections with a ticket of its own, to be determined 2 October in an internal, nationwide election. Most of the participants (478) voted in favor of the party having its own presidential ticket, while 268 members voted for the PPC having only a parliamentary ticket, and a minority (14) wanted the PPC to join a consensus candidate, such as Ambassador Javier Perez de Cuellar. Congresswoman Lourdes Flores Nano said she would register her candidacy in the coming days in order to offer the country a democratic alternative. In addition to Flores Nano, her colleagues Xavier Barron and Celso Sotomarino appear to be candidates. Luis Bedoya Reyes declined to be a candidate, saying that he wanted to see a generational renewal. (Most dailies, 17 Sep 94; LA REPUBLICA 19 Sep 94)

AP Chooses Raul Diez Canseco

The national plenary of the Accion Popular [AP] chose Raul Diez Canseco as its presidential candidate. Diez Canseco stated that he would fight for a democratic government that would seek substantial constitutional reform, fight poverty and unemployment, and would promote and develop community services with the participation of the citizenry. Diez Canseco's fellow candidates on the presidential ticket are engineer Juan Inchaustegui as first vice president and Edmundo del Aguila as second vice president. Diez Canseco opened his speech by strongly criticizing the policy of the Fujimori government, blaming it for the extreme poverty in which more than 15 million Peruvians live. "On the one hand they talk to us about encouraging macroeconomic indices, but nobody speaks of these millions of Peruvians in extreme poverty, of the six million unemployed, and of more than one-half of the children suffering from chronic malnutrition," Diez Canseco said. (EXPRESO, LA REPUBLICA 18 Sep 94)

AP's Program

In his first public appearance as a presidential candidate, the secretary general of Accion Popular, Diez Canseco, said he would focus on decentralization and jobs generation as well as on reducing military presence in the emergency zones in Peru. Diez Canseco said that the next government must work for "national reconciliation and unity." He said that he does not see President Fujimori bringing harmony among the political parties, but, to the contrary, said that the chief of state practices a "system that has only exacerbated the differences in the country." With regard to his proposal for decentralization, he explained that it will be based on the "reactivation" of local governments, "in order to give them primary management of the country's development." With regard to privatization, he said that the government cannot leave it all up to the laws of the market. "I am a businessman and I know what supply and demand mean," he explained. As for pacification, he said that his objective of demilitarization is due to the fact that the Armed Forces already have completed their role of destroying the terrorist groups. Therefore he planned to end the state of emergency in the zones where pacification reigns. (GESTION 19 Sep 94)

The former mayor of Arequipa, Luis Caceres Velasquez, announced his candidacy in Juan de Lurigancho, Lima, and described himself as the "mestizo candidate." Accompanied on the podium by his brothers Roger and Pedro, leading members of Frenatraca, and by the deputy mayor of the district, Jonel Bravo Tello, Caceres announced that during the election campaign he will pursue the chief of state "like a cat pursues a mouse" in order to ask him to drop the hat and poncho that he usually wears on his visits to the provinces and in order to tell him, "these clothes are not yours, I give you the kimono." He maintained that with the monies from privatization President Fujimori should construct 20, not three, schools per day. The computers which he "buys at public auctions in Tokyo" and gives to the schools are "ancient," and the Japanese and Korean tractors he gets "are of no use to agriculture," he stated. He also spoke of the foreign debt he would give priority to human capital and afterwards would attend to making arrangements with the international organizations [sentence as published]. (EXPRESO 18 Sep 94)

"Ungovernability of Country"

The former prime minister of the current regime, Juan Hurtado Miller, was concerned about a potential reelection of the president without his having a majority in the parliament. He said that such a possibility would jeopardize the governability of the country, and he said that the person who is elected in the elections of 1995 must count on the support of all Peruvians in order to start a second phase of the economic and social revival of Peru. He said there are many candidates at present and that this is not good for the country and that this is one of the reasons he has not decided to launch his candidacy. (LA REPUBLICA 18 Sep 94) [passage omitted]

Fascinated By Elections

Mirko Lauer writes: "The presidential candidates are emerging as if from under overturned stones, practically one a day. Most of these hopefuls will not get the 100,000 signatures needed to register. Their hope seems to be more to acquire sufficient political presence to negotiate their entry onto the most promising parliamentary lists. The principal attraction seems to be that an unpredictable electorate can produce an unexpected result. Beyond half a dozen, any multiplying of candidates has

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the effect of complicating the design of the election ticket. Neither the TV and radio desks nor the pages of the printed press are prepared to handle any larger repertory of candidates. And that is where the initial selection takes place. But I doubt that any of these arguments will discourage those who are fascinated with the antics of a presidential candidacy." (LA REPUBLICA 15 Sep 94) [passage omitted]

"Measure Their Hold in the Country"

Mirko Lauer writes: "The three main parties have reached the conclusion that they need presidential candidates in 1995. They consider it the best way to support both their militants and their electorate. Perez de Cuellar has indicated that he respects them, but that he does not need them. The best he could suggest to them was that they limit their participation to the parliamentary lists. What the parties can gain with candidates who are no Belaunde is a reply to those who are claiming a 'crisis of the parties.' The other advantage is that it will allow the parties to go back and measure their hold in the country. The parties are not going to present their heavyweights, nor will they form alliances. All of which guarantees Perez de Cuellar a place in the second round and reduces the parties' election prospects." (LA REPUBLICA 16 Sep 94) [passage omitted]

"Guarantee Transparency"

On 15 September, during the roundtable on "Promotion and Defense of Democracy: The Case of Elections Observation," Eduardo Ferrero Costa, president of Cepei [Peruvian Center for International Studies], said that the "government should invite observers from the OAS and the UN in order to guarantee the transparency of the election process of 1995 and the truly democratic transparency of power." In the same vein, Father Felipe McGregor and Harold Forsyth stated the need for not only international organizations but also national civil organizations to collaborate as observers of the elections. The upcoming election process has the characteristics of controversy and transference, fundamental reasons for both the OAS and the UN to participate as observers, "something that would not signify interventionism." (LA REPUBLICA 16 Sep 94) [passage omitted]

Uruguay

Vice President Drops Out of Presidential Race

PY0510154294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2346 GMT 4 Oct 94

[FBIS Translated Text] Montevideo, 4 Oct (AFP-NA)—Uruguayan Vice President Gonzalo Aguirre unexpectedly announced today that he is dropping out of the presidential race, after opposition groups noted that his candidacy would violate constitutional provisions.

During a news conference at the Congress building, Aguirre said: "I do not believe that my hope to occupy the presidential seat represents a constitutional irregularity, but I prefer to step aside, favoring a clear electoral process."

An expert in constitutional law, Aguirre, 54, announced three weeks ago that he would run for president in the general elections scheduled for November.

The vice president had appointed Raquel Macedo de Sheppard, a former Uruguayan ambassador to Costa Rica, as his running mate.

With the support of a minority group of the ruling National or Blanco Party, Aguirre received barely 5 percent of the vote in the party primaries, in which he was competing against three other presidential hopefuls.

In addition to his low profile in the polls, the vice president's decision to give up his campaign was made after former President Julio Maria Sanguinetti pointed attention, during a speech, to the alleged "unconstitutional nature" of Aguirre's candidacy.

According to Sanguinetti, a Colorado Party presidential hopeful, Aguirre's candidacy would violate a constitutional article establishing that those who occupy the presidential post three months before the elections cannot become presidential candidates.

As vice president Aguirre last week replaced President Luis Alberto Lacalle, who traveled to the United States to participate in the UN General Assembly, for 48 hours.

Political experts pointed out that Sanguinetti's "pointing attention" was allegedly "political revenge" against the government, one of whose sectors last week objected before the Electoral Board to Montevideo mayoral candidate Mario Carminatti's nomination.

The objection was initially accepted by the electoral authorities, who expressed doubts about Carminatti's "residence" in Montevideo as he has been the intendant of Rio Negro Department (Province), 280 km west of Montevideo, during the last period of this administration.

The Constitution establishes that the candidates must "be natives of a department or reside there for three years before the inauguration date."

The Colorado Party, which is currently leading all the polls, filed an appeal that will be resolved next week.

Aguirre said his political group will decide on 5 October which of the ruling party's candidate it will support with its votes.

The vice president's withdrawal leaves the Blanco Party with three hopefuls to succeed Lacalle in the upcoming elections: attorneys-at-law Alberto Volonte and Juan Andres Ramirez, and teacher Carlos Julio Pereyra.

Over 2.8 million Uruguayans will be summoned to the November elections, in which a president for the 1995-1999 term will be elected, the entire Congress will be renewed, and 19 intendants will be elected.

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Venezuela

Latin Nations, EU Back Caracas in GATT Dispute

PA0610001394 Caracas EL UNIVERSAL in Spanish 5 Oct 94 p 2-4

[FBIS Translated Text] The GATT Council of Representatives, which is currently meeting in Geneva, has accepted Venezuela's petition to form a special group to review U.S. regulations on reformulated gasoline adopted by the EPA—regulations that violate specific articles of GATT, as well as negate and undermine our nation's trade advantages.

The petition filed by Alberto Poletto, development minister and president of the Foreign Trade Institute (ICE), was supported by a number of delegations, including Brazil, Argentina, Peru, Chile, and Honduras. Meanwhile, Australia, the European Union [EU], and Canada, in addition to supporting Venezuela's petition, reserved the right to participate as third parties in the aforementioned special group.

It is worth noting that, as expected, the United States did not block Venezuela's petition, and the Council of Representatives president immediately ordered the creation of a special group to examine the arguments presented by our country.

In his speech, Poletto explained that the discriminatory aspects of the gasoline regulations are inconsistent with Articles III and I of the General Agreement dealing with fair treatment obligations and most-favored-nation status. In addition, the U.S. regulations discriminate against Venezuela, thereby violating Articles VIII and IX.

The arguments presented by the development minister and ICE president noted: 1) the violation of the aforementioned articles constitutes a "prima facie" nullification and undermining of Venezuela's trade advantages; 2) the U.S. gasoline regulations hamper Venezuela's reasonable trade expectations with the United States and cause significant damage to the country's economy.

Poletto stressed the fact that Venezuela does not question the rights of other GATT nations to take steps designed to protect the environment. On the contrary, it agrees with the commitment to provide a healthy environment for the people of the world and is fully committed to contribute to achieving this goal.

Poletto added that this is why our country is actively and progressively participating in this issue both at a national level and within many international forums, including GATT. Venezuela is determined to continue to constructively contribute to the work of the World Trade Organization's Trade and Environment Subcommittee. Nevertheless, our nation objects to the improper use of environmental concerns to justify covert trade measures.

While explaining the impact of the gasoline regulations on Venezuela's economy, Poletto pointed out that Venezuelan gasoline exports to the United States—exports that surpassed $478 million in 1994—will decrease by no less than $150 million because of the regulations, thereby significantly curtailing our market. Moreover, the regulations will have adverse effects on the investment program implemented by Venezuela—in excess of $1 billion—because Caracas believed its gasoline could be judged by the same standards applied to U.S. gasoline, as per the aforementioned regulations.

Poletto recalled that following the 24 January 1994 Council of Representatives meeting, Venezuela started holding bilateral talks with the United States on the gasoline regulations, especially on those that contradict GATT. In March, Venezuela believed these talks could lead to a satisfactory adjustment of the regulations.

Nevertheless, the U.S. Congress hindered these modifications by recently approving legislation stipulating that the EPA is not entitled "to sign, enact, implement, or carry out" the regulatory adjustments that would have benefited Venezuela.

This is why Poletto told the Council of Representatives that Venezuela was forced to request the creation of a special group to examine the gasoline regulations and their discrepancies with GATT. The special group is expected to publicly announce its conclusions and recommendations on the issue within the next nine months.

Caracas Promoting Russia's Entry Into OPEC

PA0610022594 Caracas ECONOMIA HOY in Spanish 3 Oct 94 p 15

[FBIS Translated Text] Sources within the Ministry of Energy and Mines have informed ECONOMIA HOY that Venezuela is promoting Russia's entry into OPEC, acting as an intermediary in efforts to convince Russia to join the cartel. According to the sources, OPEC's follow-up committee, which met recently in Vienna, agreed Venezuela is the natural choice to mediate in negotiations that are designed to bring Boris Yeltsin's government closer to a weakened OPEC.

"It is very possible that Russia's decision will be favorable," the sources said regarding Russia's possible inclusion in the cartel. Russia attended the meeting of OPEC member-nations in September 1993 as an observer.

At this moment, Minister Edwin Arrieta is in Moscow on an official visit in which he will hold meetings with his counterpart Mine Minister Victor Orlov. Arrieta's trip was prompted by parallel talks taking place in Paris between Russia and the International Energy Agency—an organization that unites consumer nations. In those talks, the cartel used to counter OPEC is seeking to incorporate one of the world's largest producers.

Oil production in what was once the most important state in the former Soviet Union has continued to

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decline steadily in recent years. According to a World Energy Statistics report published by British Petroleum in June 1993, in 1985 the volume of oil produced in Russia was approximately 10.9 million barrels per day, which by 1990 had fallen to 10.4 million barrels per day. In 1993, oil extracted in Russia barely reached 6.9 million barrels per day.

Although this represents a 12.9 percent decline in production from 1992 levels, Russia's 1993 oil production comprised 10.9 percent of the world's total production, much greater than Venezuela's, whose production represented 4.2 percent of the world's total production.

Russia's oil consumption also has declined, but to a much lesser extent. Of the 4.9 million barrels required per day in 1985, Russia increased its consumption to 5 million barrels per day in 1990, but it then decreased to 3.5 million barrels per day in 1993.

Russia currently has 4.8 percent of the world's proven oil reserves, estimated at 48.4 billion barrels of oil—that is, 1.5 percent below Venezuela's reserves, which by the end of 1993 amounted to 63.3 billion barrels. [figures as published]

In 1993, the two countries signed an energy agreement in which Russia expressed its interest in Orimulsion [boiler fuel made from heavy oil comprising 70 percent bitumen and 30 percent water] and technical cooperation. Less than two weeks ago, the first Russian-Venezuelan Geological Symposium was held in Caracas.

During Carlos Andres Perez's administration, a trilateral agreement was in force, under which Venezuela supplied oil to Cuba in Moscow's name, while Moscow transported its oil to the Ruhr Eol Venezuelan Refineries—a Venezuelan Petroleum affiliate in Germany—as well as to Nynas Petroleum in Sweden.

Over the past three years, Russia has been opening its oil sector, but with little luck, to private capital in a way similar to which Venezuela will bid to open its market in 1995. To date, the Yeltsin administration has garnered investments of approximately $1 billion.

Russia's oil infrastructure is obsolete, and this has contributed to its decline in production, according to Minister Arrieta who, in a speech before a recent session of the World Council for Economic Development held in Madrid, predicted Russia would recover in the early part of the 21st century.

If Arrieta receives a favorable reply in his negotiations, OPEC would greatly strengthen its position in the world oil market. Of approximately 66 million barrels of oil currently consumed per day, OPEC supplies 24.5 million, less than half of the market's demand. If Russian production were included, however, OPEC would possess the ability to supply more than 50 percent of the world's oil demand, which would enable the cartel to strengthen its negotiating position with producers who are not OPEC members.

Surveys Show Growing Support for Caldera's Economic Policy

PA0510221894 Caracas EL UNIVERSAL In Spanish 1 Oct 94 p 13

[FBIS Translated Text]Criticism Concentrated in Low Income Sectors

According to two surveys by Veneconsultores Data Analysis—one of which was conducted in June, the other in July—the popularity of President Rafael Caldera's economic policies has risen from 37.9 to 54.7 percent. Meanwhile, unfavorable opinions are concentrated in the low income sectors, while the high income sectors generally favor Caldera's economic policies.

Whose Economic Policy Has Produced Better Results?

According to 37.9 percent of the Venezuelans polled in June, with most of this representation coming from the middle class, Caldera's policy was viewed as having produced better results. For a government which in June was still in its honeymoon period, and considering the former president had been removed from office, these results did not appear to be particularly laudable. This is because the survey also showed 32 percent of the respondents said they "did not know" whose policy was better, while 17.3 percent said "Carlos Andres Perez's economic policy had produced better results."

This unfavorable tendency toward Caldera's economic policy declined markedly in July, when those saying "Caldera's economic policy has produced better results" increased from 37.9 percent to 54.7 percent. It should be noted that among the 16.1 percent who in July still believed "Carlos Andres Perez's policy was better," both the high and low income sectors were represented equally.

Balance and Expectations

Public opinion regarding the government's performance in June leaned toward "bad" (58.2 percent), compared to 32.7 percent of the respondents who rated the government's performance as "good." Nevertheless, in the July results, Caldera's approval rating jumped from 32.7 percent to 53.6 percent.

In both surveys, it is apparent that unfavorable opinions are concentrated in the low income sectors and that favorable opinions are concentrated in the high income sectors.

In view of the economic targets and results observed so far, the overall evaluation of the government is much more favorable than had been originally forecast.

Nevertheless, the government can expect to face challenges in two areas. This is because, while the government has gained popularity with its interventionist policies, which anyone in any country would applaud, it has yet to impose unpopular measures, such as increases in taxes, higher gasoline prices, and so on. Also in the offing is President Caldera's promise to repeal controls—a promise that accompanied his announcement of those measures designed to guarantee stable and sustainable growth.

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